Annual Report 2013

Helping a Nation Realize its

TRUE POTENTIAL

The Alexandria Stock Exchange, established in 1883, served as a hub of the city's financial community and has been an engine of economic growth ever since.

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CIB: AN INTRODUCTION

A master-planned city, Port Said was—and is—home to beautifully designed buildings and grand promenades, lending an air of respectability to the commercial activity that allowed the city to thrive.

OUR HISTORY

CIB was established in 1975 as Chase National Bank, a joint venture between Chase Manhattan Bank and National Bank of Egypt (NBE). In 1987, Chase divested its ownership stake due to a shift in international strategy, and the stake was acquired by NBE, at which point the Bank adopted the name Commercial International Bank.

Over time, NBE decreased its participation in CIB, which eventually dropped to 19% in 2006, when a consortium led by Ripplewood Holdings acquired NBE's remaining stake. In July 2009, Actis, an emerging market private equity specialist, acquired 50% of the stake held by the Ripplewood Consortium. Five months later, in December 2009, Actis became the single largest shareholder in CIB with a 9.09% stake after Ripplewood sold its remaining share of 4.7% on the open market. The emergence of Actis as the predominant shareholder marked a successful transition in the Bank's strategic partnership.

WHAT WE DO

Commercial International Bank (CIB) is the leading private sector bank in Egypt, offering a broad range of financial products and services to its customers, which include enterprises of all sizes, institutions, households and high-net-worth (HNW) individuals.

In addition to traditional asset and liability products, CIB offers wealth management, securitization, direct investment and treasury services, all delivered through client-centric teams.

The Bank also owns a number of subsidiaries, including CI Capital (which offers asset management, investment banking, brokerage and research services), Commercial International Life Insurance Company, the Falcon Group, Egypt Factors, and CORPLEASE.

CIB strives to provide clients with superior financial solutions to meet all of their financial needs. This enables the Bank to maintain its leadership position in the market, while providing a stimulating work environment for staff and generating outstanding value for shareholders.

A SNAPSHOT OF OUR BUSINESSES

Corporate Banking

Widely recognized as the preeminent corporate bank in Egypt, CIB aspires to become one of the best banks in the region, serving industry-leading corporate clients as well as small and medium-sized businesses.

Debt Capital Markets

CIB's global product knowledge, local expertise and capital resources make the Bank an industry leader in project finance, syndicated loans and structured finance in Egypt. CIB's project finance and syndicated loans teams provide large borrowers with better market access and greater ease and speed of execution.

Global Transactional Services (GTS)

The Global Transactional Services (GTS) Group serves as a key group within CIB and oversees cash management, trade and global securities services.

Treasury and Capital Markets Services

CIB delivers world class service in the areas of cash and liquidity management, capital markets, foreign exchange and derivatives.

Direct Investment

CIB actively participates in select direct investment opportunities in Egypt and across the region.

Consumer Banking

CIB recorded considerable growth in 2013 as it continued to build a full-service, world-class consumer bank, as underscored by the ability to serve clients in a challenging environment last year. We offer a wide array of consumer banking products, including:

- **Personal Loans:** Focusing on employees of our corporate banking clients and offering secured overdrafts and trade products.
- **Auto Loans:** Positioned to actively support this growing market in the coming years.
- **Deposit Accounts:** Offering a wide range of account types to serve our clients' deposit and savings needs, including tailored accounts for minors, youth and senior citizens, as well as certificates of deposit and care accounts. This is in addition to our standard range of current, savings and time deposit accounts.
- **Residential Property Finance:** Providing loans to finance home purchases, residential construction and refurbishment and finishing.
- **Credit and Debit Cards:** Offering a broad range of credit, debit and prepaid cards.

Wealth Management

CIB offers a wide array of investment products and services to the largest number of affluent clients in Egypt.

Investment Banking Services

Through CI Capital, CIB offers existing and prospective clients a full suite of investment banking products and services, including investment banking, advisory and execution, asset management, brokerage and equity research. CI Capital offers both deep and broad market knowledge and expertise; the firm is consistently ranked as a leading brokerage house serving local and international clients in Egypt.

KEY FINANCIAL HIGHLIGHTS

	FY 13 Consoli-dated	FY 12 Consoli-dated	FY 11 Consoli-dated	FY 10 Consoli-dated	FY 13	FY 12	FY 11	FY 10	FY 09	FY 08	FY 07	FY 06	FY 05
Common Share Information Per Share													
Earning Per Share (EPS) *					2.76	3.53	2.43	3	2.63	4.89	3.73	3.64	2.77
Dividends (DPS)					1.0	1.25	1	1	1.5	1	1	1	1
Book Value (BV/No of Share)					13.46	18.94	15.03	14.59	23.75	19.25	20.93	15.59	19.44
Share Price (EGP)**													
High					45.4	39.8	47.4	79.49	59.7	93.4	95	79	63.5
Low					27.4	21.1	18.5	33.75	29.5	27.87	53.61	42.11	39.91
Closing					32.6	34.6	18.7	47.4	54.68	37.2	91.77	57.87	58.68
Shares Outstanding (millions)					900.2	597.2	593.5	590.1	292.5	292.5	195	195	130
Market Capitalization (EGP millions)					29,330	20,646	11,098	27,973	15,994	10,881	17,895	11,285	7,628
Price to Earnings Multiple (P/E)					11.8	9.8	7.7	15.8	20.8	7.6	24.6	15.9	21.2
Dividend Yield (based on closing share price)					3.07%	3.62%	5.35%	2.11%	2.74%	2.69%	1.09%	1.73%	2.60%
Dividend Payout Ratio					34.4%	31.36%	33.90%	27.60%	24.60%	18.10%	15.80%	27.50%	21.30%
Market Value to Book Value Ratio					2.42	1.83	1.24	3.25	2.3	1.93	4.39	3.71	3.02
Net Operating Income	6,976	5,344	3,934	3,952	6,482	5,108	3,837	3,727	3,173	3,200	2,288	1,741	1,450
Provision for Credit Losses - Specific	916	610	321	6	916	610	321	6	9	346	193	176	197
Provision for Credit Losses - General										49	57	18	167
Total Provisions	916	610	321	6	916	610	321	6	9	395	250	193	364
Non Interest Expense	1,884	1,653	1,557	1,562	1,727	1,445	1,337	1,188	1,041	950	636	668	474
Net Profits	3,006	2,226	1,615	2,021	2,615	2,203	1,749	2,141	1,784	1,615	1,233	802	610
Cost : Income	26.52%	30.93%	39.58%	39.52%	26.11%	28.29%	34.84%	31.87%	32.80%	29.69%	27.82%	38.38%	32.72%
Return on Average Common Equity (ROAE)***	26.46%	22.79%	18.69%	28.66%	22.33%	21.77%	20.96%	30.47%	31.18%	36.31%	37.95%	31.58%	29.30%
Net Interest Margin (NII/average interest earning assets)					5.36%	4.74%	3.71%	3.62%	3.81%	3.54%	3.12%	3.06%	3.50%
Return on Average Assets (ROAA)	2.89%	2.48%	2.01%	2.89%	2.51%	2.45%	2.18%	3.08%	2.94%	3.08%	2.90%	2.37%	2.09%
Regular Workforce Headcount	5,490	5,181	4,867	4,755	5,193	4,867	4,517	4,360	4,162	3,809	3,132	2,477	2,301
Cash Resources and Securities (Non Governmental)	16,413	16,140	18,990	16,325	16,646	16,764	19,821	16,854	16,125	14,473	21,573	13,061	10,537
Net Loans and Acceptances	41,866	41,877	41,065	35,175	41,970	41,877	41,065	35,175	27,443	26,330	20,479	17,465	14,039
Assets	113,607	94,014	85,506	75,425	113,752	94,405	85,628	75,093	64,063	57,128	47,664	37,422	30,390
Deposits	96,846	78,729	71,468	63,364	96,940	78,835	71,574	63,480	54,843	48,938	39,515	31,600	24,870
Common Shareholders Equity	11,960	10,822	8,712	8,567	12,115	11,311	8,921	8,609	6,946	5,631	4,081	3,040	2,527
Average Assets	103,782	89,760	80,480	69,840	104,079	90,017	80,361	69,578	60,595	52,396	42,543	33,906	29,183
Average Interest Earning Assets	94,672	80,063	70,913	62,007	94,605	79,834	70,549	61,624	53,431	44,602	36,603	29,277	25,619
Average Common Shareholders Equity	11,362	9,767	8,640	7,800	11,713	10,116	8,765	7,777	6,288	4,856	3,560	2,784	2,325
Equity to Risk-Weighted Assets	17.07%	16.50%	15.79%	17.63%	17.29%	17.30%	16.11%	17.71%	17.01%	15.19%	13.70%	14.14%	13.83%
Risk-Weighted Assets (EGP billions)	70	65	55	49	70	65	55	49	41	37	30	26	22
Tier 1 Capital Ratio	12.46%	12.20%	12.53%	15.66%	12.46%	12.18%	12.53%	15.66%	15.28%	13.74%	10.17%	9.59%	9.78%
Adjusted Capital Adequacy Ratio****	13.55%	13.59%	15.40%	16.92%	13.55%	13.59%	15.40%	16.92%	16.53%	14.99%	14.70%	13.60%	13.10%

* *Based on net profit available to distribution (after deducting staff profit share and board bonus)*
** *Unadjusted to stock dividends*
*** *As per Basel II regulations before profit appropriation*
**** *2013 and 2012 as per Basel II regulations before profit appropriation*

CIB: AN INTRODUCTION

KEY FACTS

Our
5,490
employees serve some 571,407 active customers

EGP
113.8bn
in total assets

90,725
Internet banking subscribers

Over
500
of Egypt's largest corporations bank with CIB

#1 Bank in terms of:

PROFITABILITY
achieving EGP 3 billion in net income

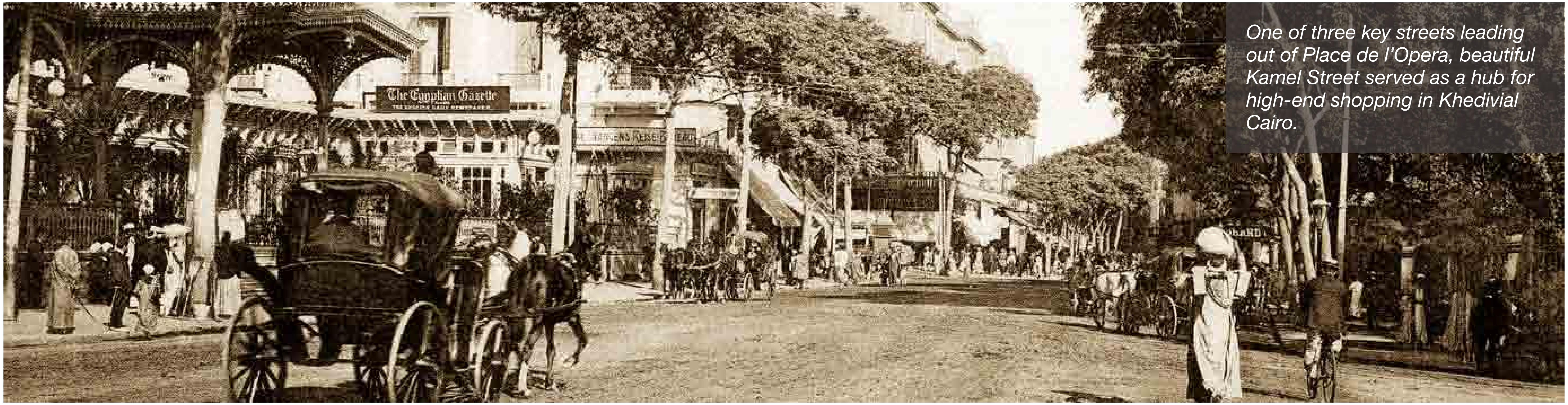
REVENUE
among all Egyptian private sector banks with EGP 6.98 billion in total revenues

NET WORTH
among all Egyptian private sector banks

MARKET CAPITALIZATION
in the Egyptian banking sector

LOAN AND DEPOSIT MARKET SHARE
among all Egyptian private sector banks

CIB: AN INTRODUCTION



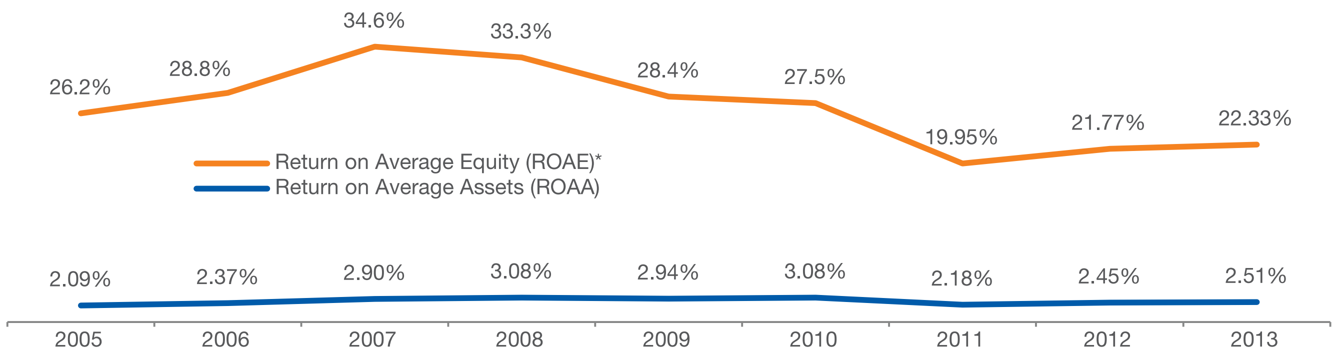
One of three key streets leading out of Place de l'Opera, beautiful Kamel Street served as a hub for high-end shopping in Khedivial Cairo.

A STRATEGY THAT DELIVERS

CIB's outstanding performance over the past three years reveals that at CIB, our customers are our top priority. Our continued success depends not only on our ability to satisfy their evolving needs, but also to have them served in prime time. CIB prides itself on its remarkable performance in standing hand-in-hand with our clients during these unstable times. Our unwavering commitment to our clients is the basis on which we will continue to provide our shareholders with consistent and high-quality returns.

We believe a key component of our success is our highly skilled staff. CIB's ability to offer our employees an attractive work environment, myriad career opportunities and comprehensive training and feedback, allows us to attract and retain the strongest banking professionals in Egypt. Our employees reciprocate with dedication to our customers, and the wider CIB community.

An Outstanding Track Record



*Total Equity before profit distribution

Our Vision

To be the leading and most trusted financial institution in Egypt, admired for our people, strong core values and performance.

Our Mission

To create outstanding stakeholder value by providing best-in-class financial solutions to the individuals and enterprises that drive Egypt's economy. Through our innovative products, focus on superior customer service, development of staff and commitment to our community, we will realize our ambitions and pave the landscape of banking in Egypt for years to come.

Our Objective

To grow and help others grow.

Our Values

A number of core values embody the way in which CIB employees work together to deliver effective results for our customers and community.

Integrity:

- Exemplify the highest standards of personal and professional ethics in all aspects of our business.
- Be honest and open at all times.
- Stand up for one's convictions and accept responsibility for one's own mistakes.
- Comply fully with the letter and spirit of the laws, rules and practices that govern CIB's business in Egypt and abroad.
- Say what we do and do what we say.

Client Focus:

- Our clients are at the center of our activities and their satisfaction is our ultimate objective.
- Our success is dependent upon our ability to provide the best products and services to our clients; we are committed to helping our clients achieve their goals and be the best at what they do.

Innovation:

- Since our inception as the first joint venture bank in Egypt, CIB has been a pioneer in the financial services industry. We believe innovation is a core competitive advantage and promote it accordingly.
- We strive to lead the Egyptian financial services industry to a higher level of performance in serving the millions of Egyptians who remain underserved or unbanked.

Hard Work:

- Discipline and perseverance govern our actions so as to achieve outstanding results for our clients and outstanding returns for our stakeholders.
- Seeking service excellence guides our commitment to our clients.
- We work with our clients to reach their current goals while anticipating and planning for their future objectives.

Teamwork:

- We collaborate, listen and share information openly within CIB and with our partners, clients and shareholders.
- Each one of us consistently represents CIB's total corporate image.
- There is only one CIB in the eyes of our clients.
- We value and respect one another's cultural backgrounds and unique perspectives.

Respect to the Individual:

- We respect the individual, whether an employee, a client, a shareholder or a member of the communities in which we live and operate.
- We treat one another with dignity and respect and take time to answer questions and respond to concerns.
- We firmly believe each individual must feel free to make suggestions and offer constructive criticism.
- CIB is a meritocracy, where all employees have equal opportunity for development and advancement based only on their merits.

CHAIRMAN'S NOTE

Our democracy will be judged not merely by the ease with which citizens cast ballots, but by our ability to help those same citizens secure the means to earn a livable wage that feeds their families — knowing that they will be well-educated and well cared for when they become sick.

Although we all share an optimistic outlook for the future of our nation, it would be naïve not to acknowledge the impact a lack of focus had on our economy. Real GDP growth, while stable at 2.1% year-on-year, was still below pre-2011 levels. Domestic investment as a percentage of GDP has fallen, the Egyptian pound depreciated a further 12% against the US dollar.

These are serious issues, and they command our attention no less than the shape of our constitution. With the significant heavy political lifting of this "founding phase" of the new Egyptian republic now behind us, we need to shift our attention to laying the foundation for an equally durable economic vision that will withstand the test of both time and shifting political priorities.

Our democracy will be judged not merely by the ease with which citizens cast ballots, but by our ability to help those same citizens secure the means to earn a livable wage that feeds their families — knowing that they will be well-educated and well cared for when they become sick.

It is, I would argue, time that Egypt establishes a National Economic Council that will create the economic DNA for this nation, setting a strategy that will allow us to channel investment into the sectors where it will have the most impact. Examples are all around us, not least of which is the most recent: The success of Dubai in winning the Expo 2020 on the back of a clear economic development strategy.

Our nation is blessed with significant opportunities — opportunities that may only be captured if we are prepared. The transformation of grants, loans and deposits from our national allies in the Gulf into substantial stimulus spending was an outstanding first step, but further efforts must be channeled into priorities identified by an economic blueprint.

No blueprint will cure all that which ails us — not as an economy, and not as a nation. But as Martin Luther King Jr. suggested a half-century ago, re-imagining our nation's future begins with a dream.

The power of a dream to transform an economy when there is a clear blueprint is on display here in present-day Egypt: Mohamed Said Pasha dared to dream more than 160 years ago when, as Khedive, he granted Ferdinand de Lesseps the first of two concessions for land that became the Suez Canal, a mega-project that transformed not just our nation, but the global economy. Subsequent generations of Egyptians have certainly dared to dream, but no project to-date has had the transformative impact of the Suez Canal. It revolutionized not just our position in the modern global economy, but laid the foundation for our trading patterns, banking system, infrastructure networks — even our pride as a vibrant nation.

Make no mistake: We are at an inflection point in history, and our future lies not in a single Suez Canal, but in a multiplicity of national megaprojects with multiplier effects that will not merely put our nation back on its feet economically, but remind us of the amazing things Egyptians can accomplish when they put their minds to it.

Since January 2011, many experts — real and self-appointed — have appeared in public forums and on television, in print and online, talking about the desperate need to reinvigorate the nation through a megaproject. A few have even had specific suggestions, but not one has become a reality. We have the knowledge base, we have the human and natural resources, and we have the hunger to change. What we have so far lacked is leadership, a catalyst for change.

We aspire to being part of that solution at CIB: Putting capital in the hands of those who can grow the economy is why we come to work each and every day, at all levels of the bank. We may not be able to single-handedly lead change, but we are closer to a wide cross-section of the economy than are many, a fact that gives us a certain level of insight.

Based on that point of view — and on my decades of experience in the industry — I would suggest that we do not need a single national-level mega-project. No Suez Canal or High Dam would, by itself, have the scale necessary to move forward an economy as large and diversified as Egypt's. Instead, I believe we need a Megaproject of Megaprojects: Multiple large, impactful investments across a broad spectrum of industries that will drive us forward in energy, transportation, healthcare, food, public infrastructure, information technology. The list is as bounded only by our ability to dream.

This is why the era of the Suez Canal's building and rise to global importance underpins our annual report this year: It was a pivotal project that catalyzed the building of our nation's modern infrastructure, banking and trade position — and which continues to pay dividends to this day.

As we look to put capital to work across the economy, we have taken a critical look not just at how we will weight our effort, but also at where we can do better as an institution. That is why we have continued since 2011 with our ambitious plans for hiring, investing in critical infrastructure, opening new branches, renewing our information technology systems and, above all, training our people.

The fruit of this investment is clear in our 2013 performance: Despite broad-based challenges to the economy and three successive downgrades in credit ratings during the first half of the year, we posted an outstanding operational and financial performance with improvement across all key metrics, from margins and spreads to average return on equity, return on average assets and cost-to-income, where our ratio is now the lowest it has been in five years.

In the last year, we have begun implementing ambitious programs to innovate across the board, from the product side of the house to new training initiatives and, in particular, our first-ever Sustainable Development Department. The latter, which falls directly under the umbrella of the COO Area, is now advised by one of our prominent board members. The department will help ensure CIB not only minimizes its environmental footprint, but also makes a meaningful contribution to the improvement of our nation's socio-economic interests.

While still in its infancy, we are convinced the Department will have an outsized impact within the Bank — and on the world around us. It's another example of how CIB looks to lead by example, starting a process that will change our DNA just as we look forward to a National Economic Council establishing the economic DNA of this great nation.

Hisham Ezz El-Arab
Chairman and Managing Director

BOARD OF DIRECTORS' REPORT

Cairo Railway Station: Built in 1892 on the site of the original station (est. 1856) connecting Cairo to Alexandria, the Ramses Railway Station has long served as a vital link in Egypt's transportation network.

BOARD OF DIRECTORS' REPORT

Macroeconomic Overview

The year 2013 has been quite eventful for Egypt. Our country has made several strides towards a more stable political landscape. The 30 of June Revolution resulted in a change in direction to focus more on economic stability and return to growth. Despite the general optimism shared by many with regards to the country's future outlook, acknowledging the harsh realities of the state of the country's economy is paramount to moving forward.

Real GDP growth remained stable at its previous level of 2.1%. Domestic investment as a percentage of GDP dropped from 16% to 14% and unemployment recorded a high of 13.4%. The government's budget deficit increased to 13.7%. Public debt reached 83% of GDP in June 2013, while sovereign yields also peaked in June 2013. The Egyptian pound depreciated 12% against the dollar during the year and annual inflation[1] picked up to 11.7%.

The Egyptian economy, and accordingly all Egyptian banks, had three successive downgrades in credit ratings during the first half of the year followed by an upgrade in the second half of 2013. Such downgrades inevitably resulted in a drop in the creditworthiness of the country in the eyes of the outside world and subsequently negatively impacted the institutions operating in Egypt.

The optimism shared by many for the future of the Egyptian economy is not unwarranted. The budget deficit is expected to drop to 11% in 2014, while sovereign yields had witnessed a rapid decline during the second half of the year. Moreover, the continued flow of aid and investments into the country should further avail Egypt of its foreign currency supply. The CBE's international reserves recovered to USD 17 billion by the end of 2013 also as a result of the aid. Furthermore, CDS on the government's Eurobonds declined to reach 579 bp since June 2013 on greater clarity of the country's future direction and roadmap.

The banking system remained resilient in the face of unfavorable economic conditions. Average loan-to-deposit ratio fell from 48% in 2012 to 44% in 2013. As demand for credit remains muted, banks continued to allocate large portions of their excess liquidity to sovereign portfolio. Total market loans grew by 6% YTD October 2013, while deposits increased by 14%. The rate of deposit dollarization[2] remained steady at 24% during the year. In 2013, the CBE undertook four changes in the corridor rates during the year: 50bp increase in Q1 followed by two successive cuts in Q3 of 50bp each and a further 50bp cut in Q4. This represents a net decrease of 100bp in corridor rates from 2012 mainly aiming at accelerating the pace of growth in investment and credit to the private sector.

The interim government implemented a EGP 30 billion stimulus spending package in August 2013 aimed at infrastructure projects, with another planned for early 2014 that will boost the economy in the short term. Such initiatives are the driving force behind the optimism among the vast majority of Egyptians today.

1. As measured by Consumer Price Index (Published by CBE)

2. The ratio of foreign currency deposits to total deposits with the banking system excluding deposits held at CBE.

2013 Financial Position

CIB produced yet another record financial performance in 2013. Consolidated net income for full year 2013 was EGP 3 billion, 35% over 2012. Standalone net income reached EGP 2.6 billion, 19% over 2012. Standalone revenues grew 27% over 2012 to reach EGP 6.8 billion.

CIB recorded net interest income of EGP 5.1 billion, 29% over 2012. Non-interest income was key to 2013's performance, with on-going foreign currency illiquidity translating into record trade finance and dealing room fees. Non-interest income achieved the highest annual growth in the last 4 years reaching EGP 1.4 billion. Net fees and commission income grew 42% year-on-year to reach EGP 1.2 billion.

Despite a declining rate environment, CIB improved margins, spreads and performance across all indicators. Consolidated ROAE was 26.5% (before appropriation) up from 22.9% in 2012. Consolidated ROAA recorded 2.9% up from 2.5% in 2012, Net interest margin increased by 62bp to reach 5.36% as management increased minimum lending rates to better reflect risk. CIB improved its efficiency, cost-to-income recorded 26% compared to 28% in 2012; the lowest cost to income ratio in the last 5 years.

Gross loans grew by 3%, adding EGP 1.2 billion during the year to reach EGP 45.6 billion, on slower than expected economic recovery. CIB continued its focus on maintaining margins and had the highest increase in loan yields of 94bp among its peers[3]. CIB market share reached 8.27% in October 2013 compared to 8.58% in December 2012 as management focused on efficiency and loan portfolio quality.

CIB grew deposits strongly during the year, adding EGP 18.1 billion to reach EGP 96.9 billion (23% increase over 2012). The Bank had the highest growth in deposits among its peers, driven by growth in local currency time deposits, demand deposits and savings accounts. Deposit market share grew 40bp during 2013 to reach 7.63% in October 2013.

2013 saw the introduction and management approval of Risk-Adjusted Return on Capital (RAROC)[4] as a standardized performance measuring tool. RAROC provides a more representative return on the true cost of capital to the bank based on the amount of capital allocated, helping to maximize return on capital and ensure best capital allocation.

CIB maintained its strong and resilient balance sheet and capital base, reflected in a comfortable capital adequacy level[5] (13.55%) and CBE liquidity ratios; these place the bank in a flexible position to deal with an uncertain economic environment.

CIB maintained its lead over main competitors, achieving the highest year-on-year growth in revenues on strong fee and commissions, deposit and balance sheet growth. Overall, CIB had a strong financial performance exceeding P&L targets in 2013. 2014 is expected to mark the beginning of a return to core business growth as the country stabilises.

Prudent Risk Management and Preservation of Asset Quality

Understanding and assessing risk is a trait known to CIB's culture which has helped us navigate through several storms in the past. Management's view is that a provision is only a provision when it is not needed, hence, f a provision is needed then it is no longer a provision, but rather a write-off. As such and in light of the present state of the economy and the impact that the political landscape and disturbances have had over the last three years on several industries, management found it prudent to take the necessary measures that would adequately reflect prevailing economic conditions by taking the necessary downgrades on some sectors. To that end, CIB took loan loss provision expense of EGP 915 million to hedge against any event of a prolonged recovery process in these sectors. As the bank's loan portfolio continues to be dominated by top tier clients with low leverage, a marginal increase of 33bp in NPL's brought the ratio up to reach 3.96%. The loan loss provision balance reached EGP 2,864 million, covering non-performing loans by an assuring 1.6x at the end of 2013. CIB's best in sector asset quality and its strong corporate loan book is a testament to the success of management's prudent approach to lending.

3. Comparison based on September 2013 data
4. RAROC is calculated as the net contribution divided by the capital charge
5. CAR based on Basel II as modified by CBE before profit appropriation

Institutional Banking

Institutional Banking net income increased by 89% over last year to reach EGP 2.2 billion, mainly on higher net interest income, foreign exchange gains and strong trade services performance and controlled expense growth. Institutional banking contributed 69% to CIB's gross profitability. Corporate Banking management focused on efficiency in 2013, improving net interest margin on an increase in minimum lending rates that raised loan yields by 38bp. Expense growth was held at 6%.

Consumer Banking

Consumer Banking net income rose 11% over last year to reach EGP 900 million, contributing 31% to CIB's gross profitability. Consumer Banking gathered EGP 11.9 billion in deposits aided by innovative new saving product.

The new Save and Safe product was launched in 2013 and offers bundled insurance benefits along with savings, in addition to a competitive interest structure and other benefits. With the support of a strong mass media advertising campaign, Save and Safe attracted EGP 2.3 billion in seven months.

Income Appropriation

CIB aims at maximizing its shareholders' and customers' value. In 2013, the bank increased its issued capital to reach EGP 9 billion by capitalizing on portion of its general reserve by issuing free stocks (one stock for every two outstanding stocks) as per the approval of the Ordinary General Assembly in July 1st, 2013. Accordingly, the Board of Directors proposed the distribution of a EGP 1.0 dividend per share (21% higher than 2012). According to the profit appropriation proposal, the legal reserve balance will add EGP 131 million to reach EGP 621 million and the general reserve balance will add EGP 1.3 billion to reach EGP 1.7 billion. This appropriation will further enforce CIB's financial position. The bank's capital adequacy ratio will record 16.32% (after profit appropriation) compared to 15.71% in 2012.

CIB has continued to receive global recognition and international awards for its outstanding performance and reputation.

Subsidiaries

CI Capital generated consolidated revenue of EGP 121 million, 33% over 2012. Brokerage revenue increased 13% over last year to reach EGP 69 million and was the second ranked brokerage house in 2013 (up from third in 2012) recording a market share of 11.3%. CI Asset Management maintained its market share at 10.5% and had the best performing Egyptian equity funds of 2013.

Thanks to a number of landmark investment banking transactions, CI Capital was recognized as the "Best Investment Bank" of 2013 by the Arab Investment Summit, and ranked third in terms of announced Middle Eastern Target M&A deals in first-half 2013 by Thomson Reuters and Dealogic.

Awards and Recognitions

CIB has continued to receive global recognition and international awards for its outstanding performance and reputation. Such accolades further cement CIB's position as the number one private sector bank in Egypt. Notable awards include:

- *Global Finance Magazine* recognized CIB with six awards: "Best Bank in Egypt" for the 17th year, "Best Sub-Custodian Bank in Egypt" for the 5th consecutive year, "Best Foreign Exchange Provider Bank in Egypt" for the 10th year, "Best Trade Finance Bank in Egypt" for the 7th year, "Best Internet Bank" and "World's Best Emerging Market Bank in the Middle East."
- *The Banker magazine* recognized CIB with two awards "Bank of the Year - Egypt" and "Deal of the Year Best Restructuring Deal."
- *Euromoney Excellence Award 2013* acknowledged CIB as "Best Bank in Egypt."
- CIB was *Global Investor ISF's* "Best Asset Manager in Egypt" for the fourth consecutive year.
- *EMEA Finance* recognized CIB as "Best Foreign Exchange in North Africa"
- CIB was "Top Ranked bank in North Africa" by FTSE *Financial Times Stock Exchange*.

Corporate Governance

We believe that good governance is a cornerstone of our success at CIB and we are proud of CIB's leadership position in board governance. The Board remains committed to continuous improvement where we regularly review and update our practices.

The overall corporate governance framework of CIB is directed by the Board and its sub-committees: Audit Committee, Corporate Governance and Compensation Committee, Risk Committee, Management Committee, High Lending and Investment Committee, Affiliate Committee, Sustainability Advisory Board, Operations and IT Committee.

The Board and its committees are governed by well-defined charters and are tasked with assisting directors in fulfilling their responsibilities and obligations with respect to their decision-making roles.

Such task is further facilitated by the wide array of established internal policies and manuals covering all business aspects such as credit and investment, operational procedures, staff hiring and promotion.

CIB's Board consists of nine members who collectively possess a wide range of industry expertise. CIB's Board met eight times over the course of 2013. Among its defined set of responsibilities, CIB's Board constantly monitors the Bank's adherence to well-defined, stringently enforced and fully transparent corporate governance standards. The Board is able to do this through its various committees whose membership is formed entirely of non-executive directors. Through the the Audit, Risk, Governance & Compensation, Operations & Technology and Sustainability Advisory Board, the Board is able to fulfil its obligations in the following manner:

- Ensuring that Board Members have a clear understanding of their roles in corporate governance. Annually reviews the size and overall composition of the Board and ensures it respects its independence criteria.
- Establishing appropriate review and selection mechanisms for new Board member nominees through the Governance and Compensation Committee.

BOARD OF DIRECTORS' REPORT

The elegant Continental Hotel on Opera Square hosted dignitaries visiting Cairo for the festivities surrounding the opening of the Suez Canal, a key event in world maritime trade.

- Establishing the strategic objectives and ethical standards that will direct the on-going activities of the Bank, while taking into account the interests of all stakeholders.
- Establishing internal control mechanisms which comprise systems, policies, procedures and processes that are in compliance with regulatory requirements. These control measures safeguard Bank assets and limit risks as the Board, management and other employees work to achieve the Bank's objectives.
- Ensuring that senior management implements policies to identify, prevent, manage and disclose potential conflicts of interest. The Board also oversees the performance of the Bank, its Managing Director, Chief Executive Officers and senior management to ensure that Bank affairs are conducted in an ethical and moral manner and in alignment with Board policies.
- Reviewing and approving material related to disclosures and other transparency documents in accordance with regulatory requirements or as may be determined by the Board from time to time.
- Overseeing a code of conduct to govern the behaviour of directors, officers and employees through an independent Compliance function reporting directly to the Audit Committee. The code of conduct sets CIBs core values as integrity, client focus, innovation, hard work, and respect for the individual. These values encompass CIB's commitment to create a culture that adopts ethical business practices, good corporate citizenship, and an equal and fair working environment. At the same time, it promotes a culture of transparency, encourages a whistle-blowing environment and provides protection to the whistle-blower.

The Central Bank of Egypt's auditors and controllers conduct regular audit assignments and review reports submitted to them periodically. During CBE audit missions, CIB's management ensures that the auditors are provided with all necessary documents to fully perform their audits. CIB's Internal Audit team closely follows up with the Bank's management to take all corrective measures with regards to CBE's audit comments.

Moreover, given the utmost attention to maintaining the highest levels of corporate governance, CIB's investor relations team is committed to consistently sharing high quality information with all stakeholders regarding the Bank's activities with emphasis on transparency.

Operations Platform with International Standards

During 2013, the COO Area has focused on several strategic objectives, including the improvement of customer experience, infrastructure development, enhancing the controls environment, effective cost management and people agenda. The COO Area implemented a number of key initiatives in 2013 as part of its strategic agenda:

The Business Process Orchestration (BPO), a key project for the Bank, kicked off with the hiring of a dedicated experienced project director. BPO will streamline key business and operations processes by integrating analytics into business processes. BPO will reduce operational process turnaround time with better resources allocation. Additionally, BPO will provide a reporting tool on major processes related key performance indicators i.e. execution time, related costs, etc.

Substantial efforts were made this year in support of the Bank's Business Continuity and Crisis Management in light of the political and security situation. The Bank managed to successfully operate our head office multiple times from alternate locations, and also managed to sustain very high service levels for customers through our diverse branch network and alternate channels.

Sustainability Development

Environmental sustainability is becoming a fundamental component of the strategy of leading multinationals, inves-

KEY FIGURES FROM 2013

BALANCE SHEET (IN EGP BN)

A. STANDALONE CIB

	Balance as of 31/12/2013	Balance as of 31/12/2012	% Change
Total Assets	113.8	94.4	20.50%
Contingent Liabilities and Commitments	16.2	14.9	8.62%
Loans and Advances to Banks and Customers	42.0	41.9	0.17%
Investments	30.5	27.9	9.26%
Treasury Bills and Other Governmental Notes	23.7	8.0	196.50%
Due to Customers	96.9	78.8	23.02%
Other Provisions	0.5	0.3	45.58%
Total Equity	12.1	11.3	7.11%

B. CONSOLIDATED CIB AND CI-CH

	Balance as of 31/12/2013	Balance as of 31/12/2011	% Change
Total Assets	113.8	94.0	21.07%
Contingent Liabilities and Commitments	16.2	14.9	8.62%
Loans and Advances to Banks and Customers	41.9	41.9	-0.03%
Investments	30.2	27.2	10.83%
Treasury Bills and Other Governmental Notes	23.7	8.0	195.16%
Due to Customers	96.8	78.8	23.06%
Other Provisions	0.5	0.3	44.35%
Total Equity	12.0	10.8	11.10%

INCOME STATEMENT (IN EGP MN)

A. STANDALONE CIB

	Jan.1, 2012 to Dec.31, 2013	Jan.1, 2011 to Dec.31, 2011	% Change
Interest and Similar Income	9,510	7,846	21.21%
Interest and Similar Expense	-4,460	-3,945	13.05%
Net Income from Fee and Commission	1,189	836	42.30%
Net Profit After Tax	2,615	2,203	18.72%

B. CONSOLIDATED CIB AND CI-CH

	Jan.1, 2012 to Dec.31, 2013	Jan.1, 2011 to Dec.31, 2011	% Change
Interest and Similar Income	9,521	7,859	21.14%
Interest and Similar Expense	-4,467	-3,946	13.21%
Net Income from Fee and Commission	1307	926	41.14%
Net Profit After Tax	3,006	2,227	35.00%
Net Profit After Tax and Minority Interest	3,006	2,226	35.05%

tors and fund managers around the globe. It was in this forward thinking spirit that CIB decided to move ahead with a robust Corporate Sustainability initiative in July 2012. To this end, the Bank will ensure that it achieves its twin objectives of serving Egypt's socio-economic interests and protecting the environment, as well as attaining durable financial safety and soundness for the Bank.

CIB approved the establishment of a dedicated Sustainability Development Department, which falls directly under the umbrella of the COO area. Dr. Nadia Makram Ebeid (ex. Minister of Environmental affairs and CIB Board of Directors member) was nominated to guide this initiative in cooperation with a competent dedicated team. The Sustainability Development Department was initiated in January 2013 with a mandate to ensure the development, management and reporting of CIB's sustainability efforts (strategies, policies, systems, initiatives, quick wins including ongoing third party liaising, branding and training efforts).

In March, CIB's sustainability governance structure and framework were approved by the Sustainability Advisory board. Green Teams were nominated to act as Environmental Champions within the organization.

The department worked with different internal and external stakeholders on a number of going green quick win projects, including the Rooftop Garden, Green Wall, energy conservation initiatives, landscaping, photography competitions, non-smoking campaigns and double-sided printing (paper conservation), in cooperation with the Premises Projects, Corporate Services and Branding departments. The Sustainability Development Department also began work on the development of a solid waste management system through a phased approach with the contribution of the Corporate Services department. Furthermore, the department worked with the Learning and Development department to focus on raising employee awareness on sustainability, through 35 Sustainability Staff Awareness sessions which were held in CIB Head offices and branches across Egypt.

Our long-term initiatives include conducting a social and environmental assessment of our business practices and drawing up a sustainability framework and roadmap. Another initiative is working towards identifying the necessary steps to acquire the Leadership for Energy and Environmental Design Certification (LEED).

Innovative Financial Solutions

Among our strongest attributes at CIB is being nimble by recognizing and capitalizing on opportunities and service gaps and by being among the first to satisfy and fill these gaps. Customer service remains among the bank's top priorities. To that end, focus on availing an electronic system susceptible to the needs of the clients while maintaining the highest levels of accuracy and turnaround time saw CIB focus on expanding our GTS platform. Global Transaction Services (GTS) expanded the network of dedicated trade hubs to 29 hubs. 89% of bank wide trade services transactions have now been migrated to online portal and service hubs which helped in off-loading regular branches. Another initiative that targeted branch-offloading, was Business Banking "pilot ATM deposit cards" for smaller cash deposits. The initiative aims at reducing branch load by 20%, helping to improve the customer experience.

In the fourth quarter, CIB launched the first interactive smart branch in Egypt in Black Ball mall (New Cairo), leading the banking sector in introducing innovative financial services. This initiative enhances customers' banking experience through interactive screens demonstrating CIB products and services, video call communication with the call center and digital tablets to execute E-banking transactions at the branch with minimum staffing levels.

CIB continued its branch network expansion strategy in 2013, adding 17 new branches, as well as enhancing its image and customer experience through the renovation and replacement of five other branches. CIB was one of the few banks to grow its network significantly in 2013.

The fourth quarter also saw the issuance of the first FIFA-branded Visa cards as well as the free dedicated Travel Desk service for all cardholders.

Focus on People

Human capital management has been and remains of the utmost priority. One of the main goals of the Bank's Human Resources department in 2013 was attracting the right caliber of people and contributing to the development and success of existing employees. Focusing on improving our staff satisfaction and compensation strategy has led to an increase in talent retention.

Recruitment

On the recruitment side, the focus was placed on promoting from within for middle and upper management positions, while efforts to build entry level talent were directed towards visiting campuses and having a presence at employment fairs. One of our main sources for summer and for-credit interns came from on-campus outreach efforts, including employment fairs, our winter training initiative, and events such as AUC Career day and Top Employer. We conducted a very successful round of summer internships this year with a carefully selected group of summer interns from reputed universities. Our for-credit internships also witnessed further development, maintaining its reputation for quality education.

Learning and Development

The role of Learning and Development has evolved in 2013, with an increased focus on investing in our staff's development. The Learning and Development department has supported multiple initiatives of the People agenda. This included sponsoring overseas MBAs and the enrolment of a number of our staff members in the Graduate School of Banking (GSB) Program at the University of Wisconsin in Madison, USA, throughout the year and into next year. These initiatives also include financing higher education opportunities locally at reputable institutions as well as funding attendance at overseas conferences.

As developing quality management for the Bank is a fundamental strategy, 2013 saw a continued investment in our leadership development programs, namely the Leadership and Management Program (LAMP) for CIB's directors and higher positions, a program covering 100% of its target group. Another initiative is the Leadership and Development Program for Consumer Banking (LDP) which this year targeted consumer banking zone and branch heads.

As the leading private bank in Egypt and one with a heightened sense of social responsibility, CIB has successfully sponsored the creation of the position of Professorship in Banking at the American University in Cairo, allocating USD 2 million to educate and train young graduates in the field of retail banking.

Our long-term initiatives include conducting a social and environmental assessment of our business practices and to draw up a sustainability framework and roadmap.

The breakthrough Job Family Project, which introduces a number of programs in Trade Finance and Operations targeting Consumer Banking and which was initiated in 2013, will be implemented on a wider scale in 2014. This should bring the learning and development scope into a more strategic perspective.

Talent Management

A major focus of the Bank in 2013 was Talent Management. CIB initiated an all-round, comprehensive assessment of leadership competencies for executive and senior directors conducted by SHL, one of the world's leading leadership consulting firms. The assessment is used to identify and evaluate the competence of CIB's senior management against a set of managerial behaviours that impact their work performance, leadership style and ultimately CIB's organizational culture and business performance.

On the Performance Management side, standardized objectives throughout the Bank were reviewed and updated to maintain a robust performance management system that ensures the Bank's strategy reaches all staff levels and that each staff member clearly understands what is expected from them for the year.

Corporate Social Responsibility

Our commitment to the country in which we live and operate in is an integral part of our business culture. It has always been among CIB's top priorities and responsibilities to contribute to our country's prosperity and welfare. CIB turns commitments into actions through its corporate social responsibility programs. The CIB team is firmly dedicated to supporting Egypt during these turbulent times and is proud of the impact our investment of time, effort and resources has had on our community.

CIB Foundation

In this, its fourth year in operation, the CIB Foundation expanded its activities in 2013. Following the 2013 Annual Shareholders' General Assembly meeting, the CIB Foundation was allocated roughly EGP 35 million, representing 1.5% of CIB's net annual profit. The CIB Foundation continued to support major projects in the field of pediatric healthcare through various multi-faceted initiatives including renovating and upgrading hospital infrastructure, purchasing medical equipment and providing surgical and medicinal treatment to underprivileged children.

Over the course of 2013, the Foundation's partnerships and initiatives included:

Children's Cancer Hospital 57357

- In January 2013, the Foundation continued its commitment to the hospital by funding general operating costs amounting to EGP 2 million.
- In late 2013, the CIB Foundation renewed its partnership with the 57357 Hospital, raising the annual donation from EGP 2 million to EGP 3.5 million. In the first year of the renewed partnership, the donation will be used to fund patient care as well as construction costs of the hospital's 60-bed expansion project.

Friends of Abou El Reesh Children's Hospitals Organization

- In March 2013, the CIB Foundation's Board of Trustees approved an EGP 10 million initiative to renovate and upgrade the Abou El Reesh El Mounira Children's Hospital's Emergency Ward and Reception Area. This initiative proved critical in allowing the hospital to provide top quality services and care to incoming patients.
- In November 2013, the CIB Foundation donated an additional EGP 2 million to the Friends of Abou El Reesh Children's Hospitals Organization to support staff compensation, medical and administrative supplies, infection control, and much needed ICU equipment.

Magdi Yacoub Heart Foundation

The CIB and CIB Foundation have been ardent supporters of the Magdi Yacoub Heart Foundation since its inception, and have been committed to enabling the Foundation to provide world-class medical care to the less privileged for free.

- In July 2013, the CIB Foundation donated EGP 1.1 million to the Magdi Yacoub Foundation to exclusively sponsor the Pediatric Outpatient Room in the Aswan Heart Centre's Outpatient Clinic.
- In September 2013, the CIB Foundation's Board of Trustees approved the roughly EGP 14 million exclusive sponsorship of the Second Pediatric Floor of the Aswan Heart Centre, complementing its earlier sponsorship of the first floor ICU.
- In 2013, the Foundation sponsored open heart surgeries for 50 children on the waiting list for EGP 3 million. By this donation, CIB Foundation has helped in saving the lives of 200 children.

Children's Right to Sight Program

Through the Rotary Kasr El Nile organization, the CIB Foundation has committed EGP 1.5 million to fund 1,000 eye surgeries for children through the Children's Right to Sight (CRTS) program. The surgeries have been conducted at Al Nour Eye Hospital and Eye Care Centre.

Gozour Foundation for Development: 6/6 Eye Exam Caravans

In July 2013, the CIB Foundation reaffirmed its partnership with the Gozour Foundation for Development to fund 12 eye exam caravans in public elementary schools across Egypt.

The CIB Foundation allocated roughly EGP 700,000 to fund caravans in Giza, Qalioubeya, Minya, Beni Suef and Fayoum. Through a partnership with Alnoor Magrabi Foundation each one-day caravan targets 450 students, with a total of 5,400 students receiving free eye exams and care by the end of the project.

The caravans also presented valuable opportunities for volunteers from CIB's staff to engage with the local community and spend quality time with the less privileged.

Yahiya Arafa Children's Charity Foundation

The Yahiya Arafa Children's Charity Foundation is a long-standing partner of the CIB Foundation. In late December 2013, the CIB Foundation's Board of Trustees approved an increase in the annual donation to the Yahiya Arafa Foundation to EGP 2 million for the upkeep of three previously-supported Pediatric Units at the Ain Shams University Hospital, as well as the partial operation of a second neonatal unit.

> *Our commitment to the country in which we live and operate is an integral part of our business culture. It has always been among CIB's top priorities and responsibilities to contribute to our country's prosperity and welfare.*

Maxillo-Facial Center in the Pediatric Prosthodontics Department in the Cairo University Faculty of Dentistry

In July 2013, the CIB Foundation's Board of Trustees approved the development of a EGP 300,000 Maxillo-Facial Center in the Pediatric Prosthodontics Department in the Cairo University Faculty of Dentistry. The highly specialized center offers treatment for oral and nasal cavity deformities in the facial palette, congenital deformities in newborn babies, and various facial deformities caused by cancer. With the establishment of the center, expected to open in the first quarter of 2014, the Pediatric Prosthodontics Department will be able to provide treatment to children from across the country as one of the sole providers of the specialized procedures.

One Million Blankets Campaign

In December 2013, the CIB Foundation made a contribution of EGP 1 million to the One Million Blanket National Campaign through Bank El Kessa.

Blood Donation Campaigns

In 2013, the CIB Foundation hosted 12 blood donation campaigns in six of its corporate offices in Cairo and Alexandria. Roughly 800 CIB employees donated their blood over the 12 days.

Social Development

Throughout 2013, CIB upheld the core principles of its Corporate Social Responsibility (CSR) activities and its contributions to the community through a diverse range of CSR endeavors including the following:

- Considering the vital role of the Egyptian Banking Industry in boosting the economy and their strong commitment to fulfill their CSR mission and responsibility towards their country especially in tough times. Under the auspices of the Federation of Egyptian Banks, all Egyptian Banks had agreed to contribute 2% of their net profit to be directed towards developing slum areas and the most needy areas in Egypt and provide them with basic necessitates such as electricity, water, sewerage and other vital services. The funds will be managed according to an agreed upon plan by the Federation of Egyptian Banks in collaboration with the Ministry of National Local Development and the Governors.
- One of CIB's most promising Community Development initiatives in 2013 involved a partnership with the American University in Cairo (AUC) to develop the CIB Endowed Professorship in Banking program. The program's objective is to design and implement a strong banking curriculum in different educational institutions and enhance education in banking throughout Egypt by offering research and service courses. This partnership with AUC is a major step toward bringing practical knowledge of industry trends into the classroom. Through the Professorship Program, students will be exposed to the various aspects of Banking that will challenge their thinking and encourage their application of creative new practices. It will also serve as a link between the University's School of Business and key members of the Banking community, including regulators, boards, executives and other.
- In an effort to expose children to the Banking industry, and specifically to the CIB brand, as well as to encourage career exploration at an early age, CIB entered into a five-year partnership with KidZania. KidZania Cairo offers children a variety of fun and interesting role-playing activities in a realistic city setting. CIB is proud to be part of such an experience and taking part in enhancing community development through instilling sound financial skills and experiences. CIB's on premises mini-branch will allow the children to cash checks, get debit cards, and deposit or withdraw KidZos from ATMs around KidZania.
- As part of its community outreach efforts CIB began sponsoring a program, in association with IMAX Cinema located in Americana Plaza, which will allow underprivileged children to attend 10 pre-booked and dubbed educational films shown in IMAX theaters.

Established in 1859 to serve the workers building the Suez Canal, Port Said quickly became a major hub of economic activity for the country.

2013 IN REVIEW

INSTITUTIONAL BANKING

Corporate Banking Group

Recognized across the Egyptian market for its strong credit culture, the Corporate Banking Group is CIB's financing arm, providing world-class financial structures and superior advisory services to its clients. The Group caters to the financing needs of large companies with an annual turnover exceeding EGP 150 million. Furthermore, in recognition of the important role of medium-size companies, the Group has broadened its scope over the past few years to provide services for these companies as well.

The group's mission is to enhance its position as the top corporate bank in the Egyptian market while maximizing value for its shareholders, employees and the community.

The Corporate Banking Group's competitive advantages include:

- A strong corporate business model.
- Highly experienced staff reinforced by continuous training to keep pace with the latest industry and technical know-how.
- Strong customer base with a healthy and diversified portfolio that is well-positioned in primary growth industries, including but not limited to: Oil and Gas, Power, Petrochemicals Infrastructure, Food and Agribusiness, Tourism, Shipping and Ports, and Real Estate.
- Ability to provide a wide and innovative array of financial schemes.
- Expanded scope of corporate banking to include companies with sales revenues above EGP 50 million, creating potential future growth opportunities for the group.

2013 Accomplishments

- Continued to be the major contributor to Institutional Banking profitability, generating almost 50% of the Institutional Banking Group's profits.
- Captured approximately an 80% market share of the shipping activities related to Suez Canal payments through facilitating financial solutions for the shipping sector, including Shipping Agencies, Shipping Service Providers, Container Terminals, Ports and Ship Owners.
- Focused on supporting the import of necessary grains and food staples.
- Acted as a mandated lead arranger in financing a new project aiming to improve public transportation.
- Ensured proper monitoring of the corporate accounts to maintain the sound asset quality of CIB.
- Enhanced the utilization of corporate customers to different online channels such as e-Banking and e-Trade, resulting in a current market penetration rate of 75%.
- Full roll-out of the Business Enhancement Unit to ensure the extension of excellent quality operational services to our corporate clients.

2014 Forward Strategy

The Corporate Banking Group aims to achieve the following in 2014:

- Maximizing share of wallet with multinationals, initially with limited or no relations with CIB as well as with existing corporate clients.
- Increase customer loyalty and boost CIB's market share in all sectors through cross-selling Global Transaction Services (GTS) products.
- Expand CIB's loan portfolio with special emphasis on financing medium-sized projects.
- Enhance the bank's fee income stream through increasing trade business services.

Financial Institutions Group

The Financial Institutions Group offers a variety of quality products and services through three divisions: Correspondent Banking Division (CBD), Non-Banking Financial Institutions Division (NBFI) and Finance Programs & International Donor Funds Division (FP & IDF).

Correspondent Banking Division (CBD)

The Correspondent Banking Division (CBD) is the point of contact for local and foreign banks working with CIB. The division is responsible for:

- Securing outgoing business for CIB.
- Monitoring and directing business to banks.
- Attracting trade business and handling related negotiations.
- Marketing and cross-selling CIB products.
- Acting as liaison for solving problems (if any) between banks worldwide and CIB's departments in order to facilitate and improve workflow.
- Offering support and new solutions to CIB clients through strategic alliances with various correspondents under trade finance and cash services.
- Supporting other departments through our role as Relationship Officers for banks.
- Searching for new business opportunities.

2013 Achievements:

- Achieved higher trade finance volumes.
- Explored new markets in Asia, Africa and Latin America.
- Maintained a well-diversified trade and forfeiting portfolio and continued expanding risk participations on both direct and contingent business focusing more on CIB and its clients.

2014 Strategy:

- Continue to explore and penetrate new markets.
- Identify new quality bank relationships focusing on Asia.
- Maintain our focus on supporting the local economy.
- Introduce new revenue-generating products.

A key competitive advantage for the Corporate Banking Group is our strong customer base with a healthy and diversified portfolio that is well-positioned in primary growth industries, among them Oil and Gas, Power, Petrochemicals Infrastructure, Food and Agribusiness, Tourism, Shipping and Ports, and Real Estate.

Non-Banking Financial Institutions Division (NBFI)

NBFI is a credit-lending division under the Financial Institutions Group. It provides credit facilities, liability products and services to all types of non-bank financial institutions.

Targeted clients include companies involved in: leasing, insurance, securities brokerage, car finance, factoring, credit insurance and investment companies as well as non-governmental organizations (NGOs).

Activities:

- Identifying customer needs and associating such needs with relevant facilities such as short-term lending, long-term lending, contingent business, and securitization transactions, etc.
- Focusing on key market players with relatively moderate risk.

2013 Achievements:

- Succeeded in controlling and maintaining moderate levels of portfolio risk and managed an effective collection of loan portfolio payments through the application of a well-controlled credit policy.
- Established new limits for existing credit insurance companies and identified new accounts to accommodate contingent business targeted in 2014.
- Increased cross-selling of CIB retail products.
- Engaged in securitization transactions with the Debt Capital Markets Team.

2014 Strategy:

- Maintain our market share with existing relationships while targeting growth in leasing, credit insurance and brokerage (clearing & settlements accounts) both in terms of volume and number of accounts with leading market players upon market stability.
- Focus on the liability side through aggressive marketing of the Bank's attractive liability products in addition to reinforcing our cross selling strategy to provide CIB's innovative product mix.
- Growing existing contingent businesses and attracting insurance companies.

Finance Programs & International Donor Funds Division (FP & IDF)

The Finance Programs and International Donor Funds (FP & IDF) Division is uniquely specialized in managing sustainable development funds and credit lines provided by governmental entities and international agencies that positively impact our community and environment. Since its inception in the 1990s and with the collaboration of the Ministry of Agriculture and Land Reclamation, FP & IDF has played a role in the country's agrarian development by encouraging private sector involvement in the Egyptian Agrifoods market. The Division is also engaged in various environmental and pollution abatement projects that aim to assist companies in making their operations more eco-friendly. More recently, in 2005, FP & IDF penetrated Egypt's microfinance sector in collaboration with the Spanish government.

Main Functions:

- **Agency Function:** Handles agency functions for many funds, grants and credit lines by providing an array of

2013 IN REVIEW

Upon its opening in 1869, the Suez Canal firmly established Egypt as a central hub for international shipping and trade.

services and tailored operational mechanisms such as structuring new grants and concessional loans, creating disbursement and repayment mechanisms, securing investment of uncommitted funds, promoting funds to potential target groups, offering technical pre-loan assessment and post-loan monitoring.

- **Participating Bank Function:** Participates in concessional financing with clients, giving CIB a competitive edge among its peers. CIB also participates in guarantee mechanisms to increase SME accessibility to credit lines.
- **Microfinance:** Manages CIB's direct microfinance portfolio through a microfinance service company that interacts directly with end-users. Recently, an indirect model was adopted with some microfinance institutions (MFIs) in collaboration with the Non-Bank Financial Institutions (NBFI) Division.
- **Technical Assistance and Consulting Services:** Offers an array of integrated and competitive consultancy services targeting development programs.

2013 Achievements:

- **Agency Function:** FP & IDF succeeded in maintaining its position as the leading agent bank in the market and disbursed a total of cumulative EGP 3.4 billion in loans to the agricultural sector through a network of 12 participating banks.
- **Participating Function:** A total of EGP 200 million was disbursed to CIB customers through development programs in 2013.
- **Microfinance:** The Division secured EGP 109 million for 31,233 active customers. While for Wholesale Microfinance,CIB started the utilization of EGP 100 million line signed with the Social Fund for Development (SFD) to reloan to MFIs with the assistance of NBFI division.
- **Cross-Selling:** The Division contributed to cross-selling CIB's various retail products, including credit cards, consumer loans, and other consumer and corporate bank products. The Division coordinated the signing of a USD 250 million agreement with a leading international government agency in order to guarantee financing for Egyptian SME companies.

2014 Strategy:

- Maintain our lead position as agent bank dominating donor funds.
- Attract funds and participate in new developmental programs.
- Increase CIB's direct and indirect microfinance market share.
- Focus on offering advisory services.

Debt Capital Markets Division (DCM)

The Debt Capital Markets (DCM) Division has an unprecedented track record and unparalleled experience in underwriting, structuring and arranging large-scale project finance, syndicated loans, bond issues and securitization transactions, all of which are supported by a dedicated agency desk. The Division achieves its objectives by leveraging on CIBs substantive underwriting capabilities and established relationships with international financial institutions and export credit agencies, placing capabilities in the local market with banks, insurance companies, money market and fixed income funds.

Despite the continued slow down witnessed across the market in 2013 in terms of new projects initiation, the Debt Capital Markets division successfully executed deals worth over EGP 14.5 billion — up from EGP 12.4 billion in 2012. The 2013 financing deals were primarily in the Petrochemicals and Heavy Equipment sectors. Building on its reputation for excellence in the field of structuring and arranging deals, CIB played key roles as Initial Mandated Lead Arranger (IMLA), Agent, Security Agent and/or Bookrunner in these transactions. In recognition of its role as an IMLA, CIB was awarded both Project Finance's African Petrochemicals Deal of the Year and EMEA Finance's Project Finance Awards for Best

Chemicals Deal in Africa. Furthermore, the Debt Capital Markets Division has laid the foundation for future income generation with a substantial deal pipeline.

The Division also continues to be the leader in the debt capital markets by playing a unique role in the local market through structuring and placing complex securitization structures. CIB won the Best Structured Finance Deal in Africa 2013 from EMEA Finance for its launch of an EGP 158 million securitization originated by Mansour Auto. The Division is looking to close deals totaling EGP 700 million before year-end and has a solid deal pipeline for 2014.

As an ongoing strategy, Debt Capital Markets aims to:

- Continue playing a vital role in economic development by mobilizing funds for large ticket project finance deals and syndication transactions.
- Position itself to raise the required debt to fund Egypt's substantial Infrastructure and Power investments, whether implemented by public sector companies, or via IPP or PPP programs.
- Introduce new financial tools to lead the development of capital markets in Egypt.
- Continue to support client needs for diversified funding sources through innovation in asset-backed securities.

Treasury & Capital Markets (TCM)

CIB's Treasury & Capital Markets Division is the Bank's primary pricing arm for all its foreign exchange and interest rate products. TCM engages in a number of money market trading activities, such as primary and secondary government debt trading, and management of interest rate gaps (with associated hedging). Fixed income Eurobonds are also traded with clients covering sovereign fixed income bonds, whose price and interest rate are usually denominated in US dollars.

Foreign exchange products are used by our customers for both investment and hedging. Our investment-related products include dual currency deposits (DCD) and dual one touch deposits. The DCDs provide clients with a much higher yield on their USD and EUR purchases than the Central Banks' announced rates on these currencies. Our latest product is third counterparty trading, where CIB allows its clients to purchase almost any currency they require, while simultaneously transferring the currency to its country of origin to make payments abroad. Other products covered are direct forwards and simple/plain vanilla options, in addition to a wide array of option structures such as premium embedded options, participating forwards, zero-cost cylinders, boosted call / put spread, interest rate swaps, and interest rate caps / floors / structured products.

The Division's Primary Dealers team provides clients with transparent advice on their investments in treasury bills and treasury bonds, on both primary and secondary markets, with very competitive prices on the secondary market offers. The team has been one of the most influential players in the local debt market.

The Division's Treasury team provides the Bank's clients with an incomparable quality of service around-the-clock, including weekends and holidays, with daily market commentary, weekly technical analysis and an SMS service that displays rates of our main currencies and sovereign bonds. TCM promptly accommodates customer requests to help clients avoid market fluctuations.

The TCM Division deals with almost all of the Bank's clients ranging from large corporate clients, Global Customer Relations & Business Banking clients, Retail, Wealth clients, and the Bank's Strategic Relations clients. TCM also deals with financial institutions, including funds, insurance companies and others. To enhance TCM's service offerings, the Division was internally re-organized into two main components: One covering corporate banking clients & GCR, while the other is responsible for the Business Banking, Retail, Wealth and the Strategic Relations Department. Within each area, every trader is responsible for handling specific clients to enhance specialization and customer price sensitivity in an attempt to promote customer value added in the Treasury arena.

2013 Accomplishments

In 2013, CIB's TCM Division won the Best FX Service Award from EMEA Finance. During the first half of 2013, CIB has achieved the highest Net Trading Income amongst all private Egyptian Banks.

CIB was ranked as the second best performing bank on the Primary Market for Treasury Bills and Bonds, achieving the same ranking on the Secondary Market for Treasury Bonds for the first three quarters of 2013.

Asset and Liability Management (ALM)

A key part of the Treasury Group, the Asset and Liability Management Department is responsible for managing the Bank's liquidity and interest rate risk within external and internal parameters, while complying with the Central Bank of Egypt's (CBE) regulatory ratios and guidelines. The department is also responsible for managing the Bank's Nostro accounts, overseeing its proprietary book and setting loan and deposit prices. ALM's main objectives are liquidity management, maximizing profitability and product development.

2013 Performance

Despite the volatile market conditions witnessed following the events of 30 June — as well as volatility in international markets — ALM was able to preserve its sound liquidity and interest rate levels. This allowed the department to seize market opportunities in order to enhance the Bank's Net Interest Income (NII) and Net Interest Margin (NIM) all while maintaining healthy regulatory ratios as well as internal and Basel III measures. ALM actively encouraged and participated in aggressive deposit-gathering measures, which resulted in the growth of the Bank's total deposit base and overall profitability.

2014 Strategy

ALM maintains a positive outlook for 2014, despite the economic and social upheavals of 2013, due to anticipated changes in the political and economic landscape of Egypt. The new government plans to implement a policy of economic expansion through public works projects worth over USD 3 billion, a move that is expected to create jobs and allow for greater financing opportunities.

Accordingly, ALM's strategic initiatives will continue to include prudent and sound management of liquidity and interest rates through the diversification of funding options, as well as through the introduction of new products and investments. Furthermore, ALM has the ability to provide sufficient liquidity for potential lending growth purposes. Further initiatives will include enhancing the Bank's performance and capital management framework.

Direct Investment Group (DIG)

The Direct Investment Group (DIG) is CIB's investment arm, introducing equity finance as an additional solution to existing and potential clients. DIG's main focus is to identify, evaluate, acquire, monitor, administer and exit minority equity investments in privately owned companies that possess commercial value for CIB.

Invested funds are sourced from CIB's own balance sheet, whereby the investment process is governed by a clear and strict set of parameters and guidelines.

Our primary objectives encompass generating attractive, risk-adjusted financial returns for our institution through dividend income and capital appreciation, as well as enabling CIB to offer a broad spectrum of funding alternatives to support clients' growth.

We commit to excellence by adopting industry best practices and creating a win-win situation for all stakeholders. This commitment is supported by our unique value proposition and experienced team.

Highlights and Accomplishments

The investment climate in Egypt remained challenging in 2013. Significant political changes had a direct effect on the country's economic performance and, in turn, on the Group's investment activities, especially during the first nine months on the year. Despite the turbulence, DIG maintained its focus on seizing opportunities for growth while upholding its belief in the promising recovery of Egypt. Accordingly, DIG has successfully added one sizable investment in the Textiles industry to its portfolio.

In terms of portfolio management, DIG continued its ongoing support to its portfolio companies at all levels. DIG maintained the capital increase plans for two of CIB's affiliates in order to augment existing growth strategies. A prime example of this is DIG's support of one of its Oil sector portfolio companies by participating in a shareholders loan, which increased the company's liquidity and financial positions during these turbulent times.

On the growth front, DIG has managed to maintain its strong deal pipeline leveraging on continuous market screening and on CIB's brand equity. Accordingly, DIG has assessed the viability of several investment opportunities in multiple sectors. Currently, DIG is in the final stages of locking down a sizable deal in the Foods sector and is in the Letter of Intent stage in the Building Materials industry.

In 2013, CIB's TCM Division won the Best FX Service Award from EMEA Finance. During the first half of 2013, CIB achieved the highest Net Trading Income amongst all private Egyptian Banks.

DIG has also made arrangements to exit two of its portfolio investments in the Automotive and Power industries. Full exit is expected to materialize within the coming months.

Strategy Going Forward

DIG plans to continue providing support to existing portfolio companies, in addition to maintaining a positive long-term outlook grounded on a true belief in Egypt's solid fundamentals. Accordingly, DIG plans to pursue growth in defensive sectors showing relative resilience to economic instability.

Strategic Relations Group (SRG)

Over the years, the Strategic Relations Group (SRG) has built a reputation of excellence and high standard services among its client base. As relationships continue to be nurtured with global donor and development organizations, supported by their sovereign diplomatic missions, SRG boasts yet another year of achievement in 2013, despite the challenges our country faced.

Catering to almost 70 of the world's most renowned and prestigious entities, SRG remains a unique function among its peers in the banking industry. With our small team of dedicated professionals, SRG was able to accommodate the unique operational needs of its client base during times of stress and insecurity. Working closely with our donor clients, allowing them further outreach to their customers resulted in an almost 50% increase in the SRG portfolio from share of wallet. This was achieved due to our responsiveness, our creative solutions and our customer-centric approach.

CIB remains committed to providing its SRG Prime clients with the highest-quality banking services, fulfilling their unique needs while ensuring client satisfaction as well as shareholder value.

Global Transaction Services Group (GTS)

The Global Transaction Services Group was formed to ensure that the ever-changing technological demands of our clients are addressed efficiently. The Group's primary objectives are to facilitate and minimize the turnaround time for executing transactions, as well as providing transparency, efficiency and value-added services to clients by offering a comprehensive range of transactional banking products and services, with a key focus on superior customer service and efficient transaction processing capabilities.

In 2013, the focus of the GTS group has increasingly shifted from reactive, cost optimization aiming at enhancing customer experience to becoming a fully integrated revenue generating engine targeting broader and deeper customer relationships.

These collaborative, value-based partnerships with customers, which are directly driven by their evolving needs, resulted in the introduction of unique financial solutions tailored to the needs of major multinational companies.

Tailor-Made Financial Solutions

- **Bolero Integration Application:** Provides the client with a one stop view of all bank guarantees. By reducing the requirement for working capital, the application offers the user a better position from which work with their banks to manage credit lines and improve cash positions.
- **Payment Gateway:** Enables our clients' customers to make online payments via Visa and MasterCard gateways.
- **CIB / Earthport ACH Integration:** Enables international payments (global ACH) capability using an innovative payments framework specifically designed for high volumes of low-value cross-border payments. This provides CIB customers with access to local clearing schemes in over 50 countries.

GTS Information Suite

While continuing to enhance the reporting features available on our Cash On-Line and Trade On-Line platforms, GTS has developed a Corporate Download Portal aiming to improve customer visibility into their working capital

A reporting portal that enables self-managed report design and download; availing accurate and comprehensive financial data- live and archived. This corporate online portal serves as an effective tool supporting strategic, operational and transactional cash management.

Incorporating Voice of Customer in Early Stage Product Development

Throughout 2011 and 2012, the main focus of GTS was on automating and enhancing operational efficiency. Since early 2013, as the GTS Division heads towards a more customer-centric business model and away from the prevailing product-centric one, incorporating voice of customer in the early stages of product development has been a key priority for the Division.

To drive GTS to a consumer-centric model, the Division established the GTS Business Development department, ensuring relationship officers have adequate knowledge of GTS product offerings through (a) structured training, (b) jointly examining customer profiles with GTS Product Heads to decide on the right products to cross-sell to each customer, and (c) defining metrics to track cross-selling, penetration, and officers referral.

GTS established the GDR Desk in Q1 2013 with the purpose of supporting issuers who are broadening and diversifying their shareholder base with potentially greater liquidity, benefitting share valuations in addition to expanding our commitment globally.

CIB continues to be the sole provider for the securitization trustee services, maintaining our leading position in the market.

For the fifth consecutive year, GTS was awarded the Best Sub-Custodian Award from Global Finance Magazine. GTS also received both the Best Trade Finance Provider in Egypt Award and the Best Online Cash Management – Regional Award by Global Finance in 2013, ensuring CIB's leadership position in Global Transaction Services in the Egyptian market.

In a joint effort by the GSS and the Investor Relations departments, CIB ADR (American Depository Receipts) was registered to be traded on OTCQX International Premier-A segment of the OTCQX marketplace reserved for world-leading non-U.S. companies that are listed on a qualified international exchange and provide their home country disclosure to U.S. investors. CIB is the first ever Egyptian issuer to join the platform.

As relationships continue to be nurtured with global donors and development organizations, supported by their sovereign diplomatic missions, SRG boasts yet another year of achievement in 2013, despite the challenges our country faced.

GTS continues to enhance customer experience and efficient transaction processing capabilities

Product Segment	Performance Indicator	Dec-12	Dec-13
Trade	Percentage of Bank-wide Trade transactions processed electronically via Misys Trade Portal (MTP)	12%	15%
	Percentage of Bank-wide Trade transactions processed Via Trade Hubs	67%	71%
	Percentage of Bank-wide Trade transactions migrated from branches (MTP + Service Hubs)	79%	86%
Cash Management	Percentage of Bank-wide Cash transactions processed electronically	13.26%	34%
Global Securities Services	Percentage of assets under custody market share	35.19%	35.72%

2014 Strategic Areas of Focus

- Product bundling to supply key components of value propositions attending to different customer needs. Providing a more integrated set of services to achieve "stickiness" in our customer relationships.
- Seamless customer experience across all GTS service delivery channels, with a continued focus on TAT improvement, error rates and governing SLAs.
- Enhance user interface providing single sign-on, and consistent look and feel across all products and administrative functions.
- Single point of access across all customer segments for all online platforms.
- Introducing innovative products / services across all GTS segments to ultimately offer an integrated working capital management solution that facilitates customer business growth rather than products developed in silos.
- Engaging customers through surveys and benchmarking initiatives.
- Broaden and deepen customer relationships through various cross-selling and up-selling initiatives.

GLOBAL CUSTOMER RELATIONS

2013 IN REVIEW

The GCR business model also expanded in line with our Strategic Roadmap in 2013. Organizational and strategic objectives were prioritized and addressed, and the required resources and staff recruitments were deployed while adhering to our strategic objective of focusing on overall profitability rather than profit-per-product.

Despite Egypt's ongoing turbulent post-revolution environment, the Global Customer Relations (GCR) Group remains bullish in its outlook as it seeks to capitalize on opportunities brought about by economic and political change. GCR, therefore, concentrated its efforts this year on responding to these changes and taking full advantage of the accompanying opportunities. As a result, and owing to its pivotal role across all of CIB's business lines, we are proud to announce that 2013 marked another period of successful achievements for the GCR Group.

The GCR business model also expanded in line with our Strategic Roadmap in 2013. Organizational and strategic objectives were prioritized and addressed, and the required resources and staff recruitments were deployed while adhering to our strategic objective of focusing on overall profitability rather than profit-per-product.

In line with GCR's strategic goals and KPI's, special focus was directed toward our facilitative interdepartmental role within the Bank to align objectives across all areas to implement our overall profitability model for groups and clients under coverage.

GCR also made diligent efforts this year to provide advisory services to support specific industries adversely affected by the current economic climate, especially Real Estate, Tourism, Construction and Building Materials.

We also took a more active role in designing and developing tailor-made solutions to enhance, facilitate and improve bank-wide products and services. Initiatives were undertaken to improve product offerings to better meet client expectations, deepening the Bank's relationship with existing clients and enhancing both growth and profits.

Driven by ownership and accountability over accounts under management, special focus was directed towards:

1. Business development and portfolio enhancement through growth in the existing portfolio in addition to new commitments.
2. Aggressive efforts towards recovering questionable and Non-Performing Loans to safeguard the quality of CIB's asset portfolio.
3. Proactively solving potential client problems and identifying new business needs.

2013 Achievements:

- Contributed to the growth of the corporate portfolio by EGP 420 million by increasing CIB share of wallet with 297 existing clients and 39 new-to-bank clients.
- Contributed to the growth of corporate profitability by 34.7%, reaching EGP 774 million as of December 31, 2013 up from EGP 574 million as of December 31, 2012.
- Corporate Liabilities: Increase in liabilities worth EGP 1.9 billion (Existing clients for EGP 1.6 billion and New Clients for EGP 0.3 billion).

Collaborated with other departments to introduce new products:

Bolero Application: CIB is the first Bank in Egypt to apply the Bolero Online solution for its clients for Letters of Guarantee. The Bolero Application is a clear example of a customized solution that meets client needs and requires changes to standard operating procedures across a number of departments being one of the GCR's core competencies and primary business objectives. ABB Group adopted the Bolero Trade system globally.

Whereby all ABB subsidiaries should start utilizing this reporting System to enable the Parent Company in Switzerland to monitor online the daily banking utilization of all its subsidiaries.

- New Cash Deposit Portal
- New e-payment Gateway

2013 Achievements in Consumer Banking:

- A 35.3% increase in the number of payroll accounts.
- A 9.1% increase in the amount of personal loans.
- A 12.9% increase in the amount of personal deposits.
- Signing contracts of 4 new CIB Branches - Americana Plaza, CFC Mall, Palm Hills Promenade Mall and DP World

2013 Achievements in Merchant Acquiring Services

Merchant Acquiring Services expanded, with GCR's help, to cover all GCR clients that require them. The Bank is proudly the exclusive provider of Point of Sale (POS) terminals throughout the new IKEA Store in Cairo Festival City Mall & Americana Plaza in October & New Cairo. In addition to, Etisalat Misr, Edrak, Mobinil, Travco, Blue Sky and Vodafone to bring the total of 192 POS installed in 2013.

2013 Achievements in Custody Services

This department contributed to the growth of CIB's custody portfolio by attracting shares worth EGP 37.6 million from two leading corporations in Egypt (Orascom Hotels and Development and Consukorra).

2013 Achievements in Global Transaction Services

GTS successfully completed a total of 13 deals across the CIB Cash Online, E-Trade and ACH platforms.

CIB Affiliates:

- **Egypt Factors:** Receivables factoring services increased by EGP 5,000.
- **CIL:** Issued two insurance policies: A Group Life Insurance Policy for Americana Group including five companies covering 14,000 of its employees. An Individual Insurance Policy in the name of Consukorra Company's Chief Executive Officer.
- **Falcon:** Falcon carried out Cash Transit Services for EDRAK for Edutainment Projects Company and Nestlé. Falcon also signed an exclusive security contract with Sofitel Group.
- **CI Capital:** Ratifying mandates for the execution of Port Ghalib's sell down transaction.

Going Forward — GCR Strategy 2014

- Develop, explore and extend relations with new selected accounts in accordance with GCR approved selection criteria.
- In line with the announced government expansion policies and directives, special focus will be directed to mega projects, specifically in the Energy, Transportation and Ports sectors.
- Focus is directed towards marketing CIB banking service in ports other than Ain El Sokhna.
- Aggressive effort will be directed towards expanding all retail banking products and services.
- Focus on fortifying and expanding inbound Gulf investments.
- Special efforts will be directed toward recovering questionable and problematic exposure to safeguard the quality of CIB's asset portfolio.
- Strategic collaboration with the entire CI family, with specific focus on CI Capital and GTS to provide a well rounded solution to the client.
- Constant market screening to spot new opportunities with existing clients and expand with new to bank clients.

CONSUMER AND BUSINESS BANKING

Liabilities

The success of CIB consumer banking is clearly demonstrated by the remarkable growth in customer deposits, which reached EGP 70.7 billion in December 2013, an impressive 20% growth over EGP 59.1 billion in 2012.

In October 2013, CIB's total liabilities reached EGP 94.7 billion, which translates to a 7.63% market share for CIB compared to 7.23% in 2012, as total liabilities of all Egyptian banks reached EGP 1.2 trillion as of October 2013. This growth is an outstanding achievement in our highly-competitive market of 40 banks.

Wealth

At CIB Wealth, we achieve excellence by adopting industry best practices and fostering a win-win environment for all stakeholders. Despite political and socioeconomic unrest in 2013, CIB Wealth maintained its market leadership by continuing to provide our most valued clients with superior financial solutions to meet their financial needs. This was reflected by the solid and growing relationships through professional Wealth Managers who continuously strive to build service quality and adequate financial advice. Wealth segment deposit grew 22% year-on-year as of end-2013.

In 2014, CIB will continue to make service excellence a cornerstone of its proposition tailored to HNWI.

Plus

CIB Plus was introduced in 2013 as a new segment that caters to medium-net-worth individuals. Strategy is to build a solid and profitable business that is purely customer-driven. By using simplified products, fast track service and personalized service offerings through a network of Plus Bankers, CIB Plus is designed to help customers grow their savings and product portfolio en route to becoming Wealth.

Payroll

The Payroll business saw continued growth in 2013 with a payroll net sales acquisition of 33,267 accounts as of year-end.

As a major channel for liabilities and assets x-sell, payroll recorded a significant rise in deposits and assets penetration with total deposits recording EGP 3.7 billion in 2013, 37% increase from 2012. Total assets portfolio reached EGP 0.874 million in 2013, representing a 44% increase from 2012.

Given the prominent role of CIB Payroll business in the market, focusing on quality assurance was solidified by establishing a team to provide around the clock qualitative service calls to payroll clients. This resulted in reducing monthly payroll complaints from 57% to 9% and updating a database of over 10,000 customer accounts.

Business Banking

The Business Banking segment has been one of CIB's strategic initiatives in the past couple of years, handling and managing SMEs within the Banking sector. The segment was launched on a pilot basis in 2011 and then went live in 2012, covering a limited number of branches. Finally in 2013, the Business Banking segment was aggressively introduced to the market with a number of financial products and service offerings that were specifically created for the targeted demographic.

Financials & Achievements:

The Business Banking Segment had an impressive year with achievements and figures that encouraged upper management to put more focus on this segment and allocate more resources by end of 2013. The segment's performance figures in 2013 measured against 2012 results are presented below:

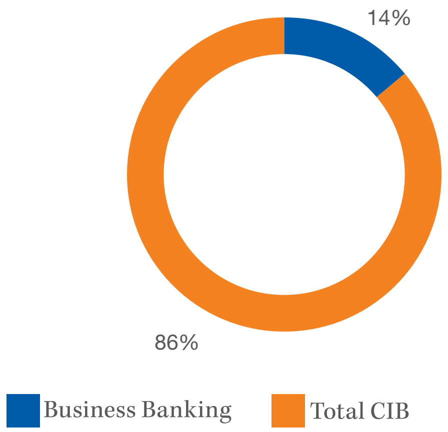
- Assets portfolio grew by EGP 95 million representing a year-on-year (Y-o-Y) increase of 20%.

Despite political and socioeconomic unrest in 2013, CIB Wealth maintained its market leadership by continuing to provide our most valued clients with superior financial solutions to meet their financial needs.

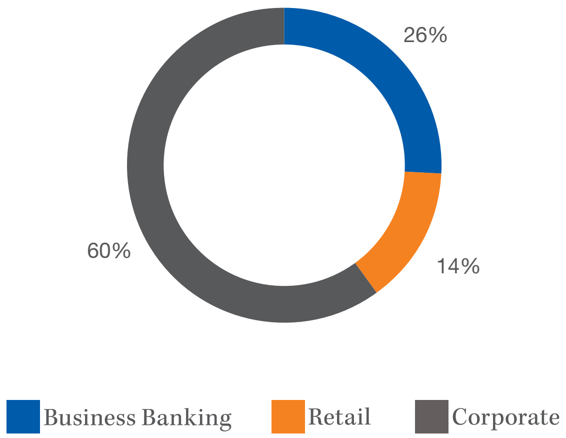
- Deposits portfolio grew by an impressive EGP 3.7 billion with a growth of EGP 1.7 billion in Current Accounts and EGP 2 billion in Term Deposits, which is a total Y-o-Y increase of 49%.
- Revenue to the Bank grew by 56% Y-o-Y to EGP 354 million, derived mainly from a growth of EGP 80 million in Fees & EGP 46 million in NII
- Business Banking new clients acquisition in 2013 reached 644 company which is an average of 54 companies per month.
- Average Revenue per Officer recorded a remarkable 28% increase, showcasing a productivity improvement by the dedicated Business Banking Relationship Manager.

Performance Indicator	2012	2013	Increase
Total Assets: (ENR)	**479,941**	**574,600**	**20%**
Secured Facilities	479,941	550,763	15%
Unsecured Direct Loans		22,001	
Unsecured Facilities		43,554	
Customer Deposits (ENR)	**7,645,462**	**11,424,084**	**49%**
DDAs	3,238,894	4,978,526	54%
Term	4,406,568	6,445,558	46%
Total Revenue	**233,303**	**354,330**	**52%**
Net Interest Income	161,907	202,779	25%
Non-Interest Income	71,396	151,551	112%
Gross Contribution	**218,652**	**321,191**	**47%**

Deposits End Net Result, 2013



Trade Volume, 2013



A real entrepreneur, tobacco plantation owner Simon Arzt produced cigarettes in Egypt to benefit from the favorable tax regime, while his department store was famous for importing the "right brand" of European goods to serve Egyptian and expat elites living in Port Said.

The Business Banking segment has undergone continual growth since its launch in 2011, a success attributed to several factors, including our efforts to develop a relationship based on trust with our clients, our experienced and dedicated management team, the hard work and dedication of our Relationship Managers (RMs) who work to establish solid relationships between our clients and CIB, and finally to our enthusiasm to serve the SME sector in Egypt.

In order to assist in the development of SMEs — the backbone of the Egyptian economy — it is important to provide them with access to integrated financial solutions and off-the-shelf financing programs, in addition to working with these companies to help them better manage their cash cycles while meeting their needs and expectations.

Our support for SME clients also includes conducting business workshops and seminars designed to help them run their companies efficiently under the current circumstances by offering lectures and courses on business planning and crisis management.

Last but not least in 2013, we have graduated 25 Relationship Managers from the first "Business Banking Academy" which aimed to ensure that our Relationship Managers are the best in the Egyptian Market. The Business Banking Segment was proud to honor our first Business Banking Academy Graduates

The purpose of the Business Banking Academy is to create strong and ambitious calibers that are the key players and the image of our segment by attending extensive training on soft skills, essential selling tools, technical knowledge on important subjects such as Trade Finance business and finally an on the job training to put all of the acquired knowledge into implementation.

To further extend our lines of services to SMEs, the Bank aims to expand its distribution channels to more locations across the country, with a particular focus on industrial zones.

Cards

CIB Cards is a robust, full-fledged and profitable business offering a full product suite of credit, debit, prepaid and POS, serving over 630,000 customers in retail and business segments across Egypt. Our mission is to become the leader in processing non-cash financial transactions in Egypt, as well as to be a key enabler of the Egyptian economy.

Overall, 2013 was a strong year for the CIB Cards Business. On the Credit Cards line, we achieved sales growth of 22.8% over 2012, for a total of EGP 2.9 billion.

In the Acquiring segment, CIB maintained its leadership position despite new and strong competition by offering Dynamic Currency Conversion (DCC) services. That in addition to a high level of customer service resulted in the processing of over 9.6 million transactions worth EGP 5.9 billion.

CIB plans to introduce in 2014 several new cards and programs such as airlines co-branded cards and an installment facility and loyalty program by investing in more core consumer cards issuances, in order to gain a greater market share, rebalancing towards high-return business payments and continuing to lead in payment innovations to meet evolving customer needs.

Alternative Distribution Channels

At CIB, one of our core beliefs is in the importance of excelling at fundamental business lines, as these are the foundation upon which innovative capabilities that address diversified, sophisticated and dynamic customer demands are built. Accordingly, the strategic direction of the Alternative Distribution Channels is to focus on providing customers with round-the-clock value-added services through simplified accessibility banking.

Online Banking: The new online platform, launched in Q1 2013 succeeded in increasing the number of users by more than 42% compared to 2012, serving 18% of the bank's customer base. The platform proved successful at getting customers better acquainted with online products, in addition to simplifying the process of performing recurring transactions and fund transfers to external beneficiaries. The platform is also making headway in establishing more value-added services in 2014, such as Bill Payment as well as customization of service offerings.

ATM Network: CIB continues to capitalize on its well-established ATM network to release new value-added services. A new type of machine capable of accepting bulk notes was introduced in Egypt. This will enable real-time deposits by plastic cards for SME and Corporate clients. Other key technological innovations included the small ticket card-less deposit mechanism, which helped increase deposit migration rates by 103% year-on-year. This year also witnessed the release of the Bill Payment service on the ATM network which allows clients to pay their mobile, internet, and utility bills at CIB ATMs. The Bank will continue this strategic direction of offering new value-added services to help customers conduct transactions effortlessly at all hours at more than 555 ATMs across Egypt.

Call Center: CIB's 24/7 Call Center is the main interaction hub for our current and prospective customers. The Center supports inquiries, transactions, requests and complaints through more than 3 million self-service and agent calls per year. The Center increased its workforce by 22% in 2013 to a total of 178 officers, in an effort to widen its customer base. In 2013, the Call Center has been at the epicenter of CIB's customer-focused strategy by establishing a unit to evaluate the new customer experience. Following its mandated role to offer one-on-one treatment for every customer, the Center added two new segments, one for the Plus segment and one for the Business Banking segment. The Call Center introduced for the first time in Egypt an interactive multimedia platform in Q4 2013, offering customers the option of interacting with agents over video calls.

E-Payments: CIB remains the leading bank in collecting government e-payments with a market share of 47%. CIB continues to expand its payment services to cover all Egyptian ports of entry, with this year's addition being the Cairo International Airport. Fees generated from such services increased by 6% compared to 2012. The Bank has also launched its new Corporate Payment Services (CPS), which provides government e-payment services for key corporate clients through secured portals that are accessible around the clock without the need to visit a CIB branch.

Branch of the Future: CIB launched the first interactive smart branch in Egypt and affirmed its market leadership by introducing innovative financial services to the local market. The new branch, located on Road 90 in New Cairo, offers a unique experience using interactive screens to demonstrate the Bank's latest products and services, with the ability to send more information to the client via email. The branch also offers the first video call channel during and after official working hours, a unique service among banks in Egypt. The branch is also equipped with the latest digital tablets, offering a chance for clients to carry out e-banking transactions at the branch, in addition to the newest line of ATMs in the self-service area. The launch of these fully interactive tools completely revolutionizes the customer banking experience, reflecting CIB's strategy and its vision towards the future.

Consumer Loans

Consumer Loans portfolios recorded positive trends during 2013. These trends were evident during Q1 and Q2, which were attributed to the application of new business initiatives across all loan product lines. As the political scene dramatically changed in mid-2013, these trends were impacted during the months of July and August. However, these were reversed by September as the business climate steadily normalized.

The Personal Loans portfolio grew by 24% recording EGP 3.33 billion by year-end 2013 as opposed to EGP 2.68 billion in 2012. This growth was achieved as a result of an increase in the scope of unsecured personal loans programs which was expanded to focus on high yield targeting programs. Moreover, this led to a shift in the sourcing mix towards high yield segments and an increase Net Interest Margins of 10% to reach 2.9% at year-end 2013 as opposed to 2.63% at year-end 2012.

Sales-wise, the applied business initiatives have led to an increase in single customer profitability by applying a multiple product sales model and increasing the unsecured loans average ticket size by 46% to reach EGP 41,000 as opposed to EGP 28,000 in 2012. Personal Loans revenues recorded a growth rate of 36%, achieving EGP 134 million in 2013 in contrast to EGP 98 million in 2012.

In 2014, the Personal Loans Business will focus on increasing overall portfolio Net Interest Margin and gross contribution by prioritizing sourcing from high yield programs as well as increasing assets penetration to payroll customers. The Personal Loans Business will target sales of multi-tiered products and cross selling options to improve average customer profitability.

The Auto Loans Business saw a rebound in its market position towards the end of 2013 by doubling monthly unsecured sourcing in order to raise CIB auto loans market share from 9% in Q1 and Q2 to 14% at year-end. This hike in sales performance resulted from applying several business initiatives such as introducing marketing activities and offering new dealer incentive schemes. This notable improvement in unsecured Auto lending led to 19% a growth in revenue to reach EGP 24 million in 2013, an EGP 4 million increase over 2012. Sourcing from Secured Auto loans was halted in the beginning of 2013, as the sales focus shifted towards unsecured lending. This led to a growth in the Consumer Assets Unsecured portfolio, which shortened the breakeven period to early 2014. Sustaining product proposition enhancement contributed to this achievement and served to grow CIB's market share.

The Secured Overdraft portfolio reached EGP 1.9 billion in 2013, as its strategy was centered on changing the portfolio mix towards Local Currency lending which also contributed to increasing the NIM to 1.84% in 2013 compared to 1.69% in 2012. The portfolio will witness the introduction of unsecured overdraft programs to capitalize on payroll relations in 2014.

Insurance Business

Life Insurance:

The CIB Insurance Business provides Life and General Insurance programs that generate non-interest revenues in the form of fees for CIB Consumer Banking.

In 2000, CIB began promoting life insurance programs such as protection packages as well as savings packages. These programs were introduced to address a wide variety of consumer needs in Egypt through the Commercial Insurance Life Company.

The department began offering General Insurance in 2011, capitalizing on its strong links to the best insurance providers in Egypt.

Target Segment:

Due to the nature of insurance products, periodic premiums are paid to cover unfortunate events. Our business targets different client segments based on consumer income, health condition and need analysis.

To secure our valued customers, a number of new life insurance programs were introduced in 2012, with upgraded benefits, to better satisfy most of customer needs.

Strategic Goals:

- Insurance Business' strategic goal is to increase its revenue contribution to Consumer Banking to 10% by 2016.
- Increase market penetration by expanding CIB's customer base.
- Lead the market by introducing a wide range of products from the best insurance providers.

2013 Achievements:

Life Insurance:

- Achieved a remarkable net growth in fee income to reach 36 % YTD [EGP 51 million in 2013 compared to EGP 38 million in 2012].
- Continued to provide a wide array of insurance plans to meet the needs of all consumers.

General Insurance:

- Increased Credit Shield administrative fees by EGP 11 million in 2013 compared to EGP 6 million in 2012.
- Launched 'Save & Safe,' the first insurance product with a savings account in Egypt.
- Monitored and managed all insurance group policies related to assets and portfolios to assure an optimum coverage at the best rates and a smooth process.
- Improved Bank Risk Management by reviewing the Bank's insurance policies related to financed assets, with the goal of reviewing all policies by the end of 2013.
- Focused on creating bundled insurance consumer products packages in 2014, such as travel insurance for cards, auto insurance, payroll insurance, CD's insurance, and medical insurance for the Wealth segment.

CIB's 24/7 Call Center is the main interaction hub for our current and prospective customers. The Center supports inquiries, transactions, requests and complaints through more than 3 million self-service and agent calls per year.

COO AREA

The first Cairo hotel to be built on the banks of the River Nile, the original Semiramis was completed in 1907 and immediately became an institution in the bustling city.

In 2013, the COO Area continued to sponsor and implement key initiatives from the Bank's strategic agenda, despite the fact that this year presented a very challenging operating environment. Egypt's political and security situation caused heightened tensions after the first half of 2013, resulting in a number of challenges and a good deal of focus on Business Continuity Management. In addition, a challenging FX environment in the country and local currency devaluation affected our projects, contracts, payments and operating expenses. To offset these externalities, as well as to strengthen the CIB brand, the COO Area has focused on several strategic objectives, including the improvement of customer experience, infrastructure development, enhancing the controls environment, effective cost management and people agenda.

We were able to boost our distribution network, adding more than 20 new branches — a real accomplishment under the circumstances — bringing our total network to more than 153 branches. We also acquired a new head office at the Smart Village business park, enlarging our presence there to two buildings with facilities covering a total area of 15,000 square meters and hosting more than 1,000 staff members.

This year, the COO Area has actively taken ownership of a number of key strategic projects and initiatives for the Bank. Our Sustainability Initiative was one such effort, with a significant amount of work done in support of its implementation. The COO Area created the proper framework and governance for the Initiative, and implemented key 'quick wins,' including turning our head offices into non-smoking buildings and raising staff awareness in regards to environmental considerations and corporate social responsibility.

Another key project was the move towards compliance with the new US tax regulation, the Foreign Accounts Tax Compliance Act(FATCA). We have hired one of the Big Four to conduct the required consultancy services for the CIB Group in order to understand our responsibilities and our situation to mobilize our resources accordingly.

The COO Area continued in its efforts to enact effective cost management as well as positively contributing to the Bank's revenue generation. Through our staff's Cross Sell initiative, the COO Area has generated significant revenue for the Bank this year.

Further focus was placed on evolving the COO Area organization in terms of people and functions to increase the value added to CIB. This year, separation of key functions such as the Finance Group has taken place after developing significantly to act now as a more important player in the Bank's strategy and decision-making. Consolidation of the Premises & Services Division under one enlarged operations group a in creating further synergies and better end-to-end management of our operational activities. Increased focus on the CIB brand image and equity will be realized through the separation of the Marketing and the Brand & Corporate Communications Divisions that took place at the beginning of the year.

In terms of human resources, we hired promising fresh graduates through successful employment fairs at reputable universities. We also enriched our management line up with experienced talent to manage key positions in the COO Area to align with the Bank's strategic aspirations and market position.

Operations Group

In 2013, the Operations Group enlarged its footprint in the COO Area to manage the Premises Projects & Corporate Services function in addition to its responsibility for the Centralized Operations, Internal Controls and Service Quality & Business Continuity. This consolidation was done with the aim of creating more synergies with those areas and streamlining the process flow.

The Operations Group kick-started key projects this year which were designed to augment the Bank's strategic agenda. This included a major Business Process Orchestration project that will be implemented over three years' time to centralize and streamline key business process flows from an end-to-end perspective while building up internal capabilities through a fully integrated Center of Excellence. Automation of the current Custody Operations has also been one of the priorities this year through introducing a fully-fledged Automated Custody system that is expected to go live by the end of 2014.

In support of the business agenda, the Operations Group implemented multiple projects related to the alternate channels that contributed to offloading our branch network and improving our customer experience by introducing a number of alternatives for customer transactions. This included an expansion of our ATM network to 550 machines, as well as the addition of new features. We also launched our new online banking portal, raising the level of service provided to our customers and improving their experience with CIB – a key focus area of the Bank's strategic agenda.

Substantial efforts were made this year in support of the Bank's Business Continuity & Crisis Management in light of the political and security situation. The Bank managed to successfully operate our head office multiple times from alternate locations, accommodating a capacity of 100+ staff, and also managed to sustain very high service levels for customers through our diverse branches network and alternate channels.

Premises Projects

The challenges of 2013 highly impacted the Premises Projects department, with the local currency devaluation and the unavailability of labor negatively affecting our contractual obligations and timelines. However, the Premises Projects department was able to successfully deliver a number of key milestones this year that involve key strategic parameters.

We increased our reach through establishing more than 22 new branches and our ATMs network has grown to reach 560 ATMs. We completed the renovation/uplifting of 10 branches and 16 wealth lounges. We also increased our head office space by acquiring another building in Smart Village, expanding our Smart Village presence to more than 15,000 square meters and accommodating a total of 450 staff.

New branch designs are underway, with CIB ushering in a new prototype branch at Black Ball Mall. Widely regarded as the first interactive branch in Egypt, the facility incorporates high-tech elements implemented for the first time at a CIB location. This is the model that we will be replicating across all our new branches starting in 2014.

Emphasizing our responsibility towards CIB's sister companies, we completed CICH's new head office rearrangements as well as the foundation phase of Falcon Group's head office in New Cairo.

Finance Group

During 2013, the Finance Group continued its transformation into a strategic partner, working closely with the business and the Board of Directors to assist in decision-making, results analysis and driving performance in the service of shareholders' interests.

A good example of this new strategic focus was the introduction of Risk-Adjusted Return on Capital (RAROC) as a key performance indicator for the Bank. RAROC will help align relationship managers' and shareholders' interests to maximize returns based on the true capital cost to shareholders. RAROC will be rolled out to CIB's clients and across product lines throughout 2014 and 2015, making it an integral factor in the Bank's future decision-making process.

2013 was the year of IT Capital in Finance. Marked improvements were made in our management information systems, including the implementation of an advanced enterprise performance management application, budgeting and reporting systems, as well as a new IFRS reporting module. All this was accomplished alongside a major upgrade of the Bank's core banking system. Execution of the upgrades, including the new and more comprehensive automation of ledger control and reconcilement, will continue in 2014.

Corporate Services

Corporate Services had an extremely busy agenda this year, with a heavy focus placed on enhancing our security. We significantly tightened security measures across all our branches and head offices, including implementation of access control systems, as well as increasing safety measures in our warehouses based on international safety practices and supported by training our staff on safety and security. Additionally, we provided our drivers with defensive driving training to better ensure the safety of our employees.

We introduced a more robust supply chain management function, which involves looking over procurement, tendering, contracts and warehouses, and introducing enhanced vendor management capabilities.

In support of Business Continuity, we upgraded our branch network generators and UPS supplies to increase our resiliency.

A number of initiatives planned for in 2014 began in earnest this year. This included applying a new preventive maintenance strategy for proactive maintenance of our assets and buildings.

Finally, and in support of the Bank's sustainability initiative, Corporate Services has implemented various projects including planting a roof top garden, creating the green wall, and planting a native plants garden. Furthermore, we implemented a non-smoking policy in our head offices, with further projects expected to take shape in 2014.

Human Resources

One of the main goals of the Human Resources department in 2013 was to focus on attracting employees of the right caliber as well as to contribute to the development and success of existing employees. Human capital management has been and remains of the utmost priority, and we increased our focus on improving our staff satisfaction and compensation strategy to retain key talent within the organization.

Recruitment

On the recruitment side, the focus was on promoting from within for middle and upper management positions, while efforts to build entry level talent were directed towards visiting campuses and having a presence at employment fairs. One of our main sources for summer and for-credit interns came from on-campus outreach, including employment fairs, our winter training initiative, and events such as AUC Career day and Top Employer. We conducted a very successful round of summer internships this year with a carefully selected group of 50 summer interns from reputed universities. Our credit internships also evolved this year and we were able to select 60 external candidates to sit for the GMAT exam for the next credit course in 2014. We also maintain a very low turnover rate of 1% below the market benchmark.

Talent Management

A major focus of the COO Area is Talent Management. For the first time, CIB initiated an all-round, comprehensive assessment of leadership competencies for executive and senior directors conducted by SHL, one of the world's leading leadership consulting firms. The assessment is used to identify and evaluate the competence of CIB's senior management against a set of managerial behaviors that impact their work performance, leadership style and ultimately CIB's organizational culture and business performance.

On the Performance Management side, standardized objectives Bank-wide were reviewed and updated to maintain a robust performance management system that ensures the Bank's strategy reaches all staff levels and that each staff member clearly understands what is expected from them for the year.

Marked improvements were made in our management information systems, including the implementation of an advanced enterprise performance management application, budgeting and reporting systems, as well as a new IFRS reporting module.

Learning & Development

The role of learning and development has evolved in 2013, with an increased focus on investing in our staff's development. The L&D department has supported multiple initiatives of the People Agenda. This included sponsoring overseas MBAs for two of our staff and enrollment of eight employees in the Graduate School of Banking (GSB) Program at the University of Wisconsin in Madison, USA throughout this year and next year. These initiatives also include financing higher education opportunities locally at reputable institutions as well as funding attendance at overseas conferences.

As developing quality management for the Bank is a fundamental strategy, 2013 saw a continued investment in our leadership development programs, namely the Leadership and Management Program (LAMP) for CIB's directors and higher positions, a program covering 100% of the target population. Another program is the Leadership & Development Program for Consumer Banking (LDP) which this year targeted consumer banking zones and branch heads.

As the leading private bank in Egypt and one with a heightened sense of social responsibility, CIB has successfully sponsored the creation of the position of Professorship in Banking at the American University in Cairo, allocating USD 2 million to educate and train young graduates in the field of retail banking.

The breakthrough Job Family Project, which introduces a number of programs in Trade Finance and Operations targeting Consumer Banking, and which was initiated in 2013, will be implemented on a wider scale in 2014. This should bring the learning and development scope into a more strategic perspective.

Compensation and Benefits

In terms of employee compensation benefits, we participated in local salary surveys to ensure effective reward benchmarking and analysis to maintain CIB's competitive position. We also streamlined the CIB salary structure to ensure our staff are paid on par with the market (external equity) and also ensure that similar jobs with similar performance standards are compensated similarly (internal equity).

We enhanced our pay policy including salary adjustments for certain positions based on market practices, and changed our merit increase policy to be on a monthly take home basis rather than relying solely on base salary. We also enhanced our staff benefits policy regarding staff loans, mortgage loans and car loans. The Department has also improved our medical insurance policy and limits by changing the vendor to provide more benefits to our staff and raise the bar of satisfaction.

Sustainability Development

Sustainability from an environmental perspective is becoming a fundamental component of the strategy of leading multinationals, investors and fund managers around the globe. It was in this forward thinking spirit that CIB decided to move forward with a robust Corporate Sustainability initiative in July 2012. To this end, the Bank will ensure that it achieves its twin objectives of serving Egypt's socio-economic interests and protecting the environment, as well as attaining durable financial safety and soundness for the Bank.

CIB approved the establishment of a dedicated Sustainability Development Department, which falls directly under the umbrella of the COO area. Dr. Nadia Makram Ebeid (ex. Minister of Environmental affairs and CIB Board of Director member) was nominated to guide this initiative in cooperation with a competent dedicated team. The Sustainability Development Department was initiated in January 2013 with a mandate to ensure the development, management and reporting of CIB's sustainability efforts (strategies, policies, systems, initiatives, quick wins including ongoing third party liaising, branding and training efforts).

In March, CIB's sustainability governance structure and framework were approved by a Sustainability Advisory board. Green Teams were nominated to act as Environmental Champions within the organization.

The department worked with different internal and external stakeholders on a number of going green quick win projects, including the Rooftop Garden, Green Wall, energy conservation initiatives, landscaping, photography compe-

2013 IN REVIEW

The Montaza district of Alexandria is famous for both its open-air promenade and as the heart of the city's commercial district.

titions, non-smoking campaigns and double-sided printing (paper conservation), in cooperation with the Premises Projects, Corporate Services and Branding departments. The Sustainability Development Department also began work on the development of a solid waste management system through a phased approach with the contribution of the Corporate Services department. The Sustainability Development department also worked with the Learning and Development department to focus on raising employee awareness on sustainability, through 35 Sustainability Staff Awareness sessions which were held in CIB Head offices and branches across Egypt.

Our long-term initiatives include conducting a social and environmental assessment of our business practices and to draw up a sustainability framework and roadmap. Another initiative is working towards identifying the necessary steps towards acquiring the Leadership for Energy and Environmental Design Certification (LEED). An external LEED expert was identified to assess the possibility of converting our new Smart Village building into a LEED certified building.

CIB Brand and Corporate Communication Department

In 2013, and in order to cope with the Bank's brand positioning strategy and placing added focus on brand equity and brand image, the Marketing and Communication department was split into CIB Brand and Corporate Communication department under COO Area and Consumer Marketing, both within the purview of the Consumer Bank. Their objective is to concentrate on Brand Marketing through managing sponsorships, events, creativity, production and public relations.

The Department has made key efforts throughout the year to expand CIB's image, brand loyalty, brand positioning, and exposure, keeping in mind external and internal customers.

Once again CIB has maintained its position in Cairo's International Airport. The airport branding initiative creates the utmost exposure, attracting foreign investors, while creating top-of-mind awareness to all potential clients, while representing a strong and solid position for CIB compared to other Banks.

Continuing last year's Branches Rebranding Project, we are proud to say that all CIB branches were finalized with the new branding materials. All our branches now contain a standardized look and feel, and we added more that 20 new locations to our network this year. The CIB Black Ball Branch was launched with a recently approved concept and design, and is expected to be implemented with new 2014 branches. New brand and branches design guidelines have been established in order to support and improve the new brand position.

The concept of the new Wealth Easy branches was also launched in a number of high-end residential compounds, such as Gardenia, Arabella, and City View. A strong branding strategy was rolled out in these compounds to promote the concept of easier-to-use branches to our customers.

As the CIB website is one of the most important communications tools between the Bank and its clients, the Branding & Corporate Communication Department implemented a new and enhanced CIB website. We completely redesigned our layout with simplicity in mind, and made the site more user-friendly, with a strong focus on content delivery. The improved website offers features such as support for both English and Arabic, a loan calculator, social media platform, online forms, a mobile application, an investor relations website, and an audio / video gallery.

Moving forward this year, CIB entered into a number of sponsorships to enhance its brand image, relating to themes of quality lifestyle, CSR, art, culture and sports. CIB is now a proud sponsor of Platform Marina & Maadi, Americana Plaza, Zamalek Club, Le Pacha, Red Sea Festival, Euromoney, Kidzania, the Egyptian Squash Association, Youth Salon, IIF, Employment Fairs, and many more.

CIB Awards

CIB has continued to receive global recognition for the Bank's outstanding performance and reputation. Some such notable awards include:

- Best Bank in Egypt for the 17th year, Global Finance magazine
- Best Sub-Custodian Bank in Egypt for the 5th consecutive year, Global Finance magazine
- Best Foreign Exchange Provider Bank in Egypt for the 10th year, Global Finance magazine
- Best Bank in Egypt, Euromoney Excellence Award 2013
- Best Trade Finance Bank in Egypt for the 7th year, Global Finance magazine
- Best Asset Manager in Egypt, Global Investor ISF
- Best Internet Bank, Global Finance magazine
- Bank of the Year, The Banker magazine
- World's Best Emerging Market Bank, Global Finance magazine
- Best Foreign Exchange in North Africa, EMEA Finance
- Deal of the Year Best Restructuring Deal, The Banker magazine
- Top Ranked Bank in North Africa, FTSE

Information Technology

A number of key milestones were achieved in 2013 in the IT Department's ongoing efforts to create an optimal technological base upon which the Bank can build its innovative business solutions. Overall, this year has been one of major technological achievement.

In the technology arena, CIB successfully managed change across the board. From the physical infrastructure, to key systems within the Bank's IT platform, as well as other IT services, improvements were made in each area.

Of the many technology initiatives completed during 2013, some of the major achievements of the year included:

- **Completion of the move to the new Core Banking System:** CIB has successfully replaced its old system. The new system, in addition to adding significant new capability for the business, is also well aligned with our strategic direction, and has the ability to grow along with our business.
- **Creation and move to a new Data Center:** The creation of a new state-of-the-art data center, and transferring our production center to the new premises, was also completed this year. This new data center houses the Bank's complete infrastructure and is the center of our IT operations.
- **Compliance and Regulatory Activities:** The Bank has continued to make investments in systems for addressing compliance and regulatory requirements. A number of projects were completed in 2013 to specifically address all regulatory requirements.
- **Completion of our move to a new Online Banking System:** In line with our strategy to upgrade the technology behind our alternate channels, CIB also rolled out a new Retail Online Banking system. The system introduces a number of new functions and capabilities, including user-friendly security options.
- **Ongoing expansion of our Analytics and Information Processing:** CIB's data warehouse capabilities continued to grow in 2013, with additional tools, dashboards, and analytic capabilities being added throughout the year.
- **Business Process Orchestration project:** With a technological base in place, and the completion of the core banking replacement and implementation of other key systems, the Bank has focused its efforts on building on this base to gain a significant advantage. The BPO project is going forward, and is focused on providing process automation capabilities across the Bank

Throughout 2013, we upgraded our infrastructure and technical services. By having added critical new functionality, additional capacity and working on streamlining our technical environment, CIB remains steadfast in providing a better experience to our customers.

As the most important waterway connecting East with West, the Suez Canal ended the 9,654 km circumnavigation of Africa, cutting average travel time from 20 days to 13 hours.

RISK GROUP

Risk Framework

Overview

In 2013, our strong, disciplined framework in managing risk was integral to withstanding the turbulent challenges of Egypt's transitional period and allowed the bank to maintain its solid reputation as a market leader, serve our clients and deliver strong results. Our robust framework provides assessments of the following risk types: credit, market, operational, interest rate, liquidity, funding as well as social and environmental. All elements for the framework are integrated to achieve an appropriate balance between risk and return.

Culture

CIB's risk culture encourages risk transparency and effective communication to facilitate alignment of business strategies and promote an understanding of the prevailing risks throughout the organization. CIB continues to add learning opportunities and expand risk training across the organization.

Principles

CIB's take on risk is directed by the following principles:

- Decision making is based on a clear understanding of the given risk, accompanied by robust analysis to be approved within the applied risk management framework.
- Continuous monitoring, managing and maintaining our defined risk appetite.
- Business activities are conducted within established risk categories which are further cascaded down to limits.

Risk Appetite

Risk appetite is the maximum level of risk that the Bank is prepared to accept in order to accomplish its business objectives. It is annually determined and reviewed by the Board of Directors, taking into account strategic and business planning and enforced by a detailed framework. CIB's risk appetite statement is defined in both qualitative and quantitative terms and is integrated into our strategic planning processes and the lines of business. CIB's risk appetite framework is guided by the following principles:

- Ensure strong capital adequacy.
- Sound management of liquidity and funding risks.
- Maintain stability of earnings.
- Address social and environmental risks.

Risk Limits

CIB's risk limits are guided by our risk principles and risk appetite which are linked to business decisions and strategies. These limits are reviewed and approved by the Board of Directors and include the following:

- Credit and Counterparty risks (country, industry, products, segments, clients and groups).
- Market risk (foreign exchange and equity risks).
- Liquidity and funding risks.
- Interest rate risk.
- Operational risk.

Risk Group

The Risk Group (RG) provides independent oversight and supports in the enforcement of the enterprise risk management (ERM) framework across the organization. RG proactively assists in recognizing potential adverse events and establishes appropriate risk responses. This reduces costs or losses associated with unexpected business disruptions.

The Group works to identify, measure, monitor, control and report risk exposure against limits and tolerance levels and reports to senior management and the Board of Directors.

Objectives

- Implement a robust enterprise risk management (ERM) framework that meets regulatory requirements and international best practices.
- Work closely with business and support groups to monitor portfolios and operations in order to provide independent risk analysis.
- Work on raising efficiency to reduce expected losses, while maintaining adequate impairments coverage.
- Review business decisions, adjusted for risk, in order to optimize capital utilization and return on shareholders' value, as well as social responsibility and sustainable business growth.

Organization

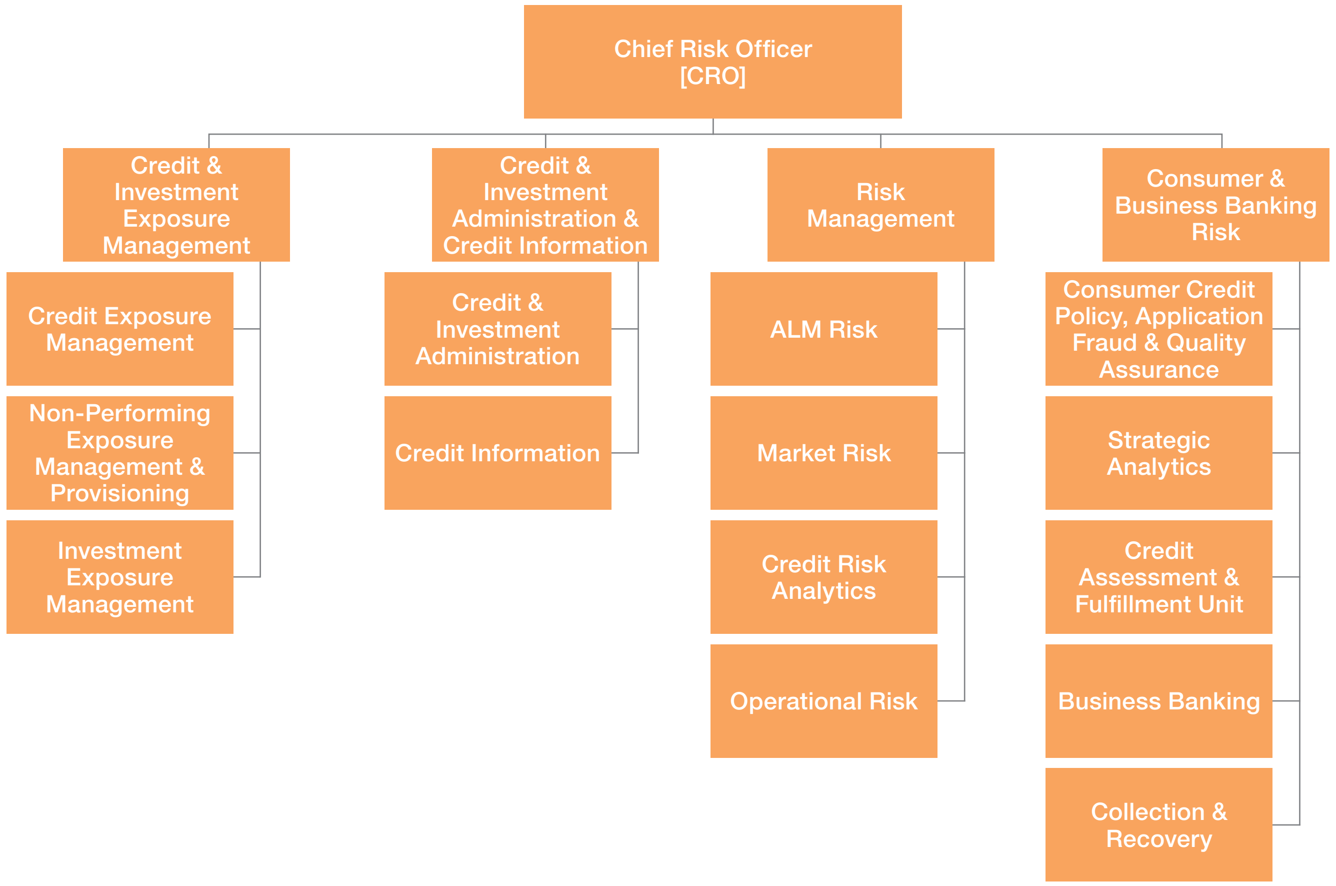
The Chief Risk Officer (CRO) manages the Risk Group and is responsible for the day-to-day management of the following key areas: credit and investment exposure management, consumer and business banking credit risk, credit and investment administration, credit information and risk management. The CRO reports directly to the Chairman and has oversight of the enterprise risk management framework and fosters a strong risk management culture throughout the organization.

Governance

CIB's risk governance structure includes a robust committee structure and a comprehensive set of corporate policies and operating guidelines that are approved by the Board of Directors. Our risk management framework is governed through a hierarchy of committees and individual responsibilities.

The CRO and other risk officers are key members of all credit, consumer, asset and liability management, and operational risk committees. Management and the Board of Directors have established key committees to review credit, liquidity, interest rate, market and operational risks.

- **The High Lending and Investment Committee (HLIC)** is composed of senior executives of the Bank. The primary mandate is to manage the asset side of the balance sheet, while ensuring compliance with the Bank's credit policies and CBE directives and guidelines. The HLIC reviews and approves the Bank's credit facilities and equity investments, in addition to focusing on the quality, allocation and development of assets and the adequacy of provisions coverage.
- **Asset & Liability Committee (ALCO)** is designated to optimize the allocation of assets and liabilities, given the expectations of future and potential impact of interest rate movements, liquidity constraints, and foreign exchange exposures. ALCO monitors the Bank's liquidity and market risks, economic developments, market fluctuations and risk profile to ensure ongoing activities are compatible with the risk/reward guidelines approved by the Board of Directors.
- **Consumer Risk Committee (CRC)'s** overall responsibility is managing, approving, and monitoring all aspects related to the quality and growth of the consumer and business banking portfolio. CRC decisions are guided first and foremost by the current risk appetite of the Bank, as well as the prevailing market trends, while ensuring compliance with the stipulated guidelines set by the Consumer Credit Policy Guide, as approved by the Board of Directors.
- **Operational Risk Committee (ORC)** supports the Bank in fulfilling its responsibility to oversee the operational risk management functions and processes. The objective of the ORC is to oversee, approve and monitor all aspects pertaining to the Bank's compliance with the operational risk framework and regulatory requirements.



Credit & Investment Exposure Management Group - Institutional Banking (IB)

Credit risk arises from all transactions where actual, contingent or potential claims are measured against any counterparty, borrower or obligor.

CIB distinguishes between five kinds of credit risk:

- **Default risk** is the failure of meeting contractual payment obligations by the customer or counterparty.
- **Country risk** is suffering a loss in any given country due to the probability of the following events occurring: a possible deterioration of economic conditions, political and social upheaval, nationalization and expropriation of assets, government repudiation of indebtedness, exchange controls and disruptive currency depreciation or devaluation.
- **Business risk** is the possible changes in overall business conditions, such as market environment, client behavior and technological progress.
- **Reputational risk** is related to the publicity concerning a business practice, counterparty or transaction, involving a client that will negatively affect the trust in the organization.
- **Concentration risk** is the risk within and across counterparties, businesses, regions / countries, legal entities, industries, currencies, exposure duration and products.

Under the Risk Group, credit risk is managed by the Credit and Investment Exposure Management and Consumer Credit Risk. These groups actively monitor and review exposure to ensure a well-diversified portfolio in terms of customer base, geography, industry, tenor, currency and product.

At CIB, our management of credit risk focuses on keeping a balanced view of each of the five aforementioned types of risk, using analysis to properly build a diversified portfolio. This is achieved through performing due diligence of clients as well as regular performance assessments to identify potential causes of concern or deterioration and to formulate remedies for mitigation.

The following philosophy and principles are applied to measure and manage credit risk:

- Credit risk management function is independent from business divisions.
- Client due diligence and prudent selection is achieved in collaboration with business divisions.
- Working to prevent undue concentration and long tail-risks by ensuring a diversified portfolio. Client, industry, country and product-specific concentrations are actively assessed and managed against the risk appetite.
- Extension of credit or material change to any counterparty requires approval at the appropriate authority levels.
- Measuring and consolidating exposures to each obligor on a group basis.
- Specialized teams derive internal client ratings, analyze and approve transactions, and monitor the portfolio.

It is CIB's adherence to these guidelines which aided in the containment of loan losses and enabled the Bank to emerge from a volatile macro-economic credit environment in 2013 stronger than before. Furthermore, the successful navigation through the pitfalls of the 2013 credit crunch could not have been achieved without the application of our existing philosophy of conservatism, diversification and mitigation strategies including collateral and credit support arrangements. The above measures, backed by the high IB portfolio quality, enabled the Bank to maneuver safely through a difficult period, reflected in a slight increase in default ratio to 3.96% in December 2013 as compared to 3.63% in December 2012, coupled with a total coverage ratio (direct and contingent) of 175.69% in December 2013 as compared to 134.4% in December 2012, confirming the Bank's solid financial position.

On the Correspondent Banking side, challenges across Europe continue. However, the Bank continues to adopt a strategy of limiting exposure to counterparties in the affected countries, while confining exposure to financially strong and stable institutions.

Credit & Investment Administration / Credit Information Group

The Credit and Investment Administration function ensures administrative control over institutional and investment exposures as well as compliance with both the Credit Policy Guidelines and CBE directives. The Credit and Investment Administration Department represents a strong back-up to the Institutional Banking Group by maintaining a quality control system that ensures CIB seniority, protection and control, which is processed through verification of assigned collateral related to approved facilities prior to disbursement of funds, in addition to robust reporting that facilitates effective decision-making.

The Credit Information Department compiles comprehensive client-specific market information reports, from various sources, for all corporate, mid-cap and business banking clients, and is responsible for extracting all regulatory reports, in order to assist in the approval decision.

Consumer Credit Risk Group

Consumer Credit Risk Group, while being an integral pillar of the consumer banking framework, functions as an independent governance group that manages the centralized risk function for all consumer and business banking asset products. The overall objective is to maintain a quality portfolio while partnering with the business in ensuring portfolio growth and to take a leadership position in the asset business. The purview of this unit extends across the entire consumer credit cycle, including a) policy formulation b) underwriting and credit assignment c) collection and repayment d) portfolio monitoring and analytics and e) application fraud. The group also ensures compliance with the Consumer and Business Banking Policies guidelines and Central Bank of Egypt directives.

The Bank's consumer asset portfolio consists primarily of credit cards, auto loans, personal loans, collateralized cash loans, secured and unsecured overdrafts and residential property finance. The business banking segment product suite has also been enhanced to include the entire range of contingent business and direct facilities. The Bank has now assumed a market leadership position in the consumer asset business. The asset portfolio has exhibited relatively strong growth throughout the year with an increase of EGP 0.5 billion, representing a growth rate of 7.7% in the direct facilities and reached EGP 0.9 billion, in the contingent facilities

This growth can be attributed to the introduction of new programs and policy changes that give the Bank a definite competitive edge in the market, with the focus being on growing our higher yield unsecured portfolio. Consumer credit risk, in conjunction with the business units, have deepened the product line by rolling out multiple surrogate programs, tests and product variants to attract new target segments envisaged to facilitate growth. The Bank is a pioneer in the launch of innovative product propositions revolving around the bureau score. Over the past five years, CIB has built a sizeable consumer asset portfolio of more than EGP 7.2 billion with an enviable portfolio quality carrying a loss rate of 0.5 %. This portfolio size and quality continues to provide a high loss-absorption capacity, thus facilitating the launch of multiple programs to attract high-yield segments to further enhance profitability.

Furthermore, there has been significant progress in the business banking segment with focus being to increase our customer base and deepen existing relationships. A dedicated risk structure with the required skill-set and expertise has been instrumental in facilitating the Bank's foray into new product variants while ensuring adequate controls to mitigate the distinctive risks to this segment.

There has been a continued drive to excel in processing efficiencies at our underwriting and collection functions. Various restructuring and re-engineering initiatives have helped effectively address the increasing demands of an ever-growing portfolio without any increase in capacity, while positively driving the key indicators of productivity, effectiveness and efficiency.

The aggressive portfolio growth over the years and the mid-year disruptive events notwithstanding, the portfolio quality has been sustained at levels that ensure the consumer and business banking asset portfolio aggressively grows in hitherto untapped segments, while pioneering new products within the market. The portfolio has exhibited a healthy trend with non-performing assets at (non performing: 90+ days past due) 0.3% (compared to 0.3% in 2012 and 0.5% in 2011) and loss rates of 0.5% (compared to 0.4% in 2012 and 0.6% in 2011). The portfolio quality has been sustained by ensuring the right portfolio mix (with concentration caps across comparatively riskier segments) and a very rigorous portfolio management approach that identifies opportunities for growth and defines corrective actions that are then executed subsequently.

There are multiple coincident and lagged indicators instituted across the consumer credit life cycle to monitor and maintain the optimal portfolio quality. Portfolio monitoring begins with a rigorous review of all early warning indicators, such as through-the-door (TTD) analysis, first payment defaults (FPD) and non-starters coupled with key coincident indicators, such as delinquencies, bucket movements and consequent flow rates, and Was-Is analysis across key segments. Segmented vintages and month-on-book (MOB) analysis are also employed to identify different customer repayment patterns and provide the fundamental base for all policy formulations and collection strategies.

We have introduced new early warning triggers, heat maps and tripwires in keeping with the increased focus on tapping new segments and introducing product variants, ensuring adequate monitoring and pro-active launch of mitigating actions. Loss recognition and provisioning methodologies have been implemented along IFRS guidelines, which ensure that

Designed by Belgian architect Ernest Jaspar, the grand Heliopolis Palace Hotel was touted as Africa's most luxurious hotel when it opened its doors in 1910. Today, this building serves as the Presidential Palace.

2013 IN REVIEW

CIB has a comprehensive Liquidity Policy and Contingency Funding Plan that supports the diversity of funding sources and maintains an adequate liquidity buffer with a substantial pool of liquid assets, and no reliance on wholesale funding.

the Bank is pragmatic in its current risk assessment and forecasting of future potential losses.

Consolidated Portfolio Quality & Provisioning

Total IFRS based impairment charges reached EGP 2.86 billion in December 2013, as opposed to EGP 1.93 billion in December 2012, despite a write-off of EGP 98 million in 2013. The Bank's general ratio for direct exposure increased from 2.32% as of December 2012 to 3.72% as of December 2013. The Bank's Coverage Ratio increased from 119.91% as of December 2012 to 158.82% as of December 2013.

Risk Management Department

The Risk Management Department (RMD) identifies, measures, monitors and controls Asset and Liability Management (ALM) and market and operational risk via the Bank's policies, and ensures that the Basel II and risk analytics requirements are adequately managed and that the status is regularly reported to management and the Board of Directors.

Liquidity Risk is the risk that the Bank would find itself unable to meet its normal business obligations and regulatory liquidity requirements. CIB has a comprehensive Liquidity Policy and Contingency Funding Plan that supports the diversity of funding sources and maintains an adequate liquidity buffer with a substantial pool of liquid assets, and no reliance on wholesale funding. To measure and control liquidity, CIB uses gaps, stress testing, net stable funding and liquidity coverage ratios, and regulatory and internal liquidity ratios. In 2013, the Bank maintained strong liquidity ratios and there was no need to execute the Contingency Funding Plan.

Interest Rate Risk is defined as the potential loss from unexpected changes in interest rates, which can significantly alter the Bank's profitability and economic value of equity. Interest Rate Risk primarily arises from the re-pricing maturity structure of interest-sensitive assets and liabilities and off-balance sheet instruments. CIB uses a range of complementary technical approaches to measure and control interest rate risk including: interest rate gaps, duration, duration of equity, and earnings-at-risk (EaR). In 2013, the balance sheet was strategically positioned to benefit from the interest rate environment and CIB proactively managed this sensitivity to safeguard against adverse shocks.

Consolidated Portfolio Quality & Provisioning	2010	2011	2012	2013
Gross Loans (000's of EGP)	36,716,652	42,933,133	44,350,975	45,549,651
NPL (%)	2.73%	2.82%	3.63%	3.96%
General Ratio (Direct Exposure only)	2.19%	1.77%	2.32%	3.72%
Coverage Ratio	125.42%	120.55%	119.91%	158.82%
Charge Offs to Date (000's of EGP)	1,714,960	1,870,898	2,057,209	2,155,455
Recoveries to Date (000's of EGP)	368,095	383,835	403,031	454,070
Recoveries to Date / Charge-offs to Date	21.46%	20.52%	19.59%	21.07%

Market Risk loss results from adverse movements in the value of financial instruments arising from changes in the level or volatility of interest rates, foreign exchange rates, commodities, equities and other securities, including derivatives. The Bank classifies market risk exposure into traded and non-traded activities. The Bank uses various measurement techniques including value-at-risk (VaR), stress testing and non-technical measures, such as asset cap and profit and loss versus stop loss limits to monitor and control market risks. Despite the volatility in 2013, CIB maintained adequate market risk appetite levels.

Operational Risk loss results from inadequate or failed internal processes, people and systems or from external events. CIB maintains a comprehensive Operational Risk Framework and policies and processes designed to provide a sound and well-controlled environment. The Framework uses the following approaches to measure and control Operational Risk: loss database, risk control self-assessment (RCSA), and key risk indicators (KRIs). In 2013, Operational Risk losses were at minimum tolerance levels and were proactively monitored and managed.

Basel II

As per the Central Bank of Egypt mandates of December 2012, CIB successfully satisfied all the requirements and reports Basel II capital adequacy results on a quarterly basis.

2013 Accomplishments

- Commenced the enterprise risk management framework initiative with objective to monitor risks in an integrated and holistic view regarding governance, risk strategy, capital allocation, and infrastructure.
- Established the risk strategy policy and risk appetite framework.
- Diligently monitored action plans that led to preservation of portfolio quality, evidenced by the NPL ratio of 3.96% and a total coverage ratio (direct and contingent) of 175.69% in 2013.
- Set the industry prudential limits, based on a comprehensive coverage and reporting capability.
- Enhanced controls and portfolio management techniques to ensure quality given the increasing complexities in the portfolio.
- Re-engineered initiatives to improve processing efficiencies, productivity and turn-around-time (TAT).
- Participated in setting the road map for developing the social and environmental management system, under the Bank's overall sustainability initiative.
- Spread awareness and understanding through extensive training spanning consumer credit, business banking and operational risk.
- Encouraged continuous learning led by our Risk Group professionals by designing and offering educational training programs.

COMPLIANCE

The Bank's Internal Audit function is adequately equipped to produce an independent and objective assurance to evaluate the adequacy and effectiveness of Governance, Risk Management, and the Internal Control System.

CIB's Compliance Department was established in March 2007 as an independent entity guarding the Bank and its stakeholders against a full spectrum of compliance risks, including regulatory, governance, legal, fraud, reputation, money laundering and terrorism financing. The Department works diligently to achieve the highest possible standard of compliance.

The Compliance Department includes four divisions:

Policies and Procedures

This Division ensures the bank's compliance with policies, regulations, laws and procedures to manage the Bank's regulatory risk, avoiding penalties from the regulator, the Central Bank of Egypt (CBE).

It also assesses the compliance risks, including fraud and recommends necessary controls to close any related gaps.

In 2013, the Division focused on enhancing the compliance process as well as tightening controls in light of the current situation in the country.

In 2014, the Division will continue to coordinate with Internal Audit and Risk Management to align control effectiveness together with the business in order to achieve the Bank's strategy within the agreed upon risk appetite.

Anti-Money Laundering and Terrorism Financing

The AML Division is directly involved in monitoring transactions, customer account behaviour, and screening transactions. Screened transactions include incoming and outgoing payments for individuals and entities that are negatively listed or those involving sanctioned countries to avoid Bank involvement in such crimes.

During 2013, the Chief Compliance Officer began reviewing the FATCA (Foreign Account Tax Compliance Act) requirement with different bank stakeholders where CIB has signed an agreement with PwC to walk the Bank through the preparation and implementation for U.S persons / entities through the use of offshore accounts. This will be in effect by June 2014 as per the US Internal Revenue Services (IRS) announcement.

In 2014, enhancing staff AML awareness is our focus. This will also include training for different levels and areas. E-learning will be introduced for that purpose to complement classroom training.

Corporate Governance and Code of Conduct

The Corporate Governance and Code of Conduct Division's main focus this year was to ensure the setting of clear, well-defined reporting lines in different areas of the Bank together with highlighting any potential conflict of interest.

Several channels for staff issues / code of conduct and petitions have been introduced and announced to employees.

Complaints Investigation

The Complaints Division was established in 2010 and is responsible for investigating inquiries and complaints received from the CBE and the Chairman's Office. It coordinates with the Customer Care Unit, which is in charge of all customer complaints, to investigate the root causes of such complaints and client dissatisfaction, and to initiate remedial action.

Our main aim in 2013 was to minimize customer complaints in order to mitigate any damage to our reputation and increase customer satisfaction.

Going forward we shall continue doing so together with ensuring system development and implementation of new processes to raise efficiency and provide quality service.

INTERNAL AUDIT

Our Internal Audit team adds value by aggressively following up on and ensuring that Audit recommendations are properly considered and closed to mitigate risk-raised gaps.

Fiscal year 2013 was a period of productivity and major achievement for our Internal Audit function. We appreciate the strong and continuous support of the Board of Directors (BOD), Board Audit Committee and management team of CIB.

The Internal Audit Group (IAG) performs assurance engagements as a means of adding value, influencing changes that enhance Governance, Risk Management and Internal Control, as well as improving accountability for results. In 2013, IAG conducted 18 audit reports that covered several businesses units through an end-to-end process. These reports were presented to the BOD Audit Committee and CIB Management.

The Bank's Internal Audit function is adequately equipped to produce an independent and objective assurance to evaluate the adequacy and effectiveness of Governance, Risk Management, and Internal Control System. The IAG regularly tracks implementation of audit recommendations to ensure effectiveness.

Internal Audit undertakes a comprehensive risk-based audit approach over all of its audited business units, which is reflected in the three-year Audit Plan linked to CIB's strategy that covers the banking segments. The risk profile of each business function determines and identifies the number of internal audit visits to each business unit during the three-year plan cycle.

The Internal Audit function adopts the approach of business partners serving the BOD, Bank management and staff through providing consulting activities and participating as a non-voting member in most of the Bank's strategic committees without infringing on its independence.

To ensure the independence of the Audit function and in line with best corporate governance practices, Internal Audit has a solid reporting line to the Board's Audit Committee. The Committee reviews the efficiency of the Internal Control System to mitigate risks that threaten the achievement of the Bank's objectives and to ensure conformity with best practice and Institute of Internal Auditors (IIA) standards. The Committee also ensures the coordination between Audit, Risk Management, Internal Control and the Compliance department thus creating synergies and cost effectiveness.

Our Internal Audit team adds value by aggressively following up on and ensuring that Audit recommendations are properly considered and closed to mitigate risk-raised gaps. As for the fiscal year 2013, Internal Audit made 198 recommendations, of which 147 (74%) were properly resolved. The remaining 51 (26%) are in the pipeline waiting to be resolved by target dates that are coordinated with related business partners.

Internal Audit is concerned with the continuous education of its members, providing them with the support they need to qualify for certifications such as the CIA, CBA, CPA, CISA, and our in-house CIB Credit Course. Currently 30% of Internal Audit Staff are certified auditors with the remainder in the process of obtaining their respective certifications.

STRATEGIC SUBSIDIARIES

Originally built in the 1840s, the luxurious, elegant Shepheard's Hotel was among the most famous hotels in the world until it was destroyed by fire in 1952.

CI Capital Holding

CI Capital is a full-fledged investment bank wholly-owned by CIB. CI Capital operates across its different platforms offering securities brokerage, equities research, asset management and investment banking advisory, all supported by a strong research arm.

Securities Brokerage

CI Capital Securities Brokerage is Egypt's top-ranked brokerage house by market share of executions in Q3 2013 and offers unparalleled reach and placement power both regionally and internationally. The company offers its services through two fully-owned brokerage companies serving a wide range of global clients: Commercial International Brokerage Company (CIBC) caters to institutions and high-net-worth individuals, while Dynamic Securities Brokerage focuses on retail clients.

2013 Accomplishments:

- Ranking: CI Capital Securities Brokerage has successfully propelled both of its brokerage arms into the upper echelons of the Egyptian securities market. In 2013, CIBC was the second-ranked brokerage firm in Egypt by execution market share, with traded value of EGP 30.1 billion. Dynamic Securities made steady progress throughout the year, moving up strongly from the top 30 to secure a place as one of the top 20 brokers in the country.
- Market Share: By the end of 2013, CI Capital Securities Brokerage increased market share to 12.1% (up from 8.9% in 2012) across both brokerage firms. Total executions in 2013 stood at EGP 32.7 billion.
- Executed the EGP 12.2 billion Orascom Construction Industries Mandatory Tender Offer.
- Organized a notable Egypt-focused investor conference with CI Capital Research in London and New York.

Asset Management

CI Asset Management is a leading institutional asset management firm in Egypt, with total assets under management amounting to EGP 7.9 billion. The company offers a full range of fixed income, money market and equities products, and is a noted pioneer in product innovation, including Egypt's first one-year open-ended capital protected fund and its first shari'ah-compliant fund.

The division manages eight diverse funds and provides portfolio management services for a wide array of CIB and CI Capital clients, offering discretionary services to high-net-worth individuals and institutional investors. Clients are provided with comprehensive personalized services tailored to their investment and reporting requirements.

Fund name	Fund type	Inception Date	AUM
Osoul	Money Market	April 2005	EGP 5.2 bn
Istethmar	Equity	April 2006	EGP 160 mn
Al Aman	Islamic Equity	October 2006	EGP 33 mn
Blom MM Fund	Money Market	September 2009	EGP 432 mn
Hemaya	Capital Protected	August 2010	EGP 18 mn
Thabat	Fixed Income	September 2011	EGP 91 mn
Rakhaa	Islamic MM	May 2012	EGP 683 mn
Banque Du Caire	Fixed Income	February 2013	EGP 92 mn

2013 Accomplishments:

- Blom Money Market Fund was the best-performing money market fund in Egypt for the third year in a row.
- Osoul Money Market Fund remains the best-performing money market fund relative to its peers in size.
- Launch of Banque du Caire Fixed Income Fund.
- Acquired a new CIB equity portfolio, adding EGP 50 million to our assets under management.
- Launched a new money market fund for Arope Insurance, the first money market fund issued by an insurance company in Egypt.
- CIAM was named "Best Asset Manager in Egypt" by Global Investor for the fourth consecutive year.

Investment Banking

Building on an investment banking tradition that dates back to 1991, CI Capital Investment Banking offers some of the most focused, experienced and professional advisory and execution capabilities in Egypt. With more than EGP 68 billion in transactions executed since 2008, the IB team has a proven ability to structure and execute landmark M&A, equity capital markets, debt capital markets and corporate finance transactions, including complex cross-border deals, in challenging conditions.

As CIB's investment banking arm, the Division enjoys a unique position in terms of access to deal flow, unparalleled sector, industry and company knowledge, and the ability to access, raise and structure equity and debt capital. The company's powerful distribution platform includes leading global institutional investors on four continents and thousands of regional HNWI and retail investors.

2013 Accomplishments:

- CIIB has established itself as the #1 investment bank in Egypt in 2013. Despite challenging market conditions due to political events, CIIB had a landmark year during which it was successful in executing 6 deals with an aggregate transaction value exceeding EGP 55 billion.
- CIIB acted as sole local financial advisor on OCI N.V.'s USD 7.3 billion acquisition of Orascom Construction Industries S.A.E. in what stands as one the largest M&A deals executed in the Middle East and North Africa region this year and one of the largest in Egypt's history. The team also completed several transactions involving prominent corporates including Bechtel, El Sewedy Cables, Al Hokair and Al Arafa Group.
- CIIB's success was recognized for the first time on an international scale, ranking in the top ten of all of the prominent Middle East and North Africa M&A league tables, including Wall Street Journal, Thomson Reuters, and Dealogic. CIIB also earned one of the most prestigious awards in the industry: the EMEA Finance Best Local Investment Bank in Egypt 2013, as well as the best investment bank in MENA award by the Arab Investment Summit.
- Meanwhile, CIIB proudly launched its full time Analyst Training Program — the only program of its kind currently offered in Egypt — which trained 25 promising young graduates in the fundamentals of corporate finance over a 12-week period.
- CIIB's restructuring effort that began in mid-2012 has transformed the business from a mid-market player into a top-tier advisor catering to large corporate and institutional clients. The firm has developed a solid track record in executing complex transactions while offering its clients a comprehensive advisory platform that fully serves their strategic development and growth objectives. The team in place today is comprised of 18 leading-class bankers with a unique combination of international, regional and local experience, coupled with a strong execution track record.
- For 2014, CIIB aims to maintain its market leadership position in the local market, where it stands to benefit from an anticipated rebound in capital markets and M&A activity. The firm also continues to target mandates that add to its franchise value, particularly ones that involve international blue chip corporates and cross-border transactions. It's current pipeline of transactions include several global offerings across various industries which are scheduled to come to market in 2014, as well as a number of high quality M&A transactions in Egypt and the region.

CI Capital Research

CI Capital Research is the leading Egyptian research house offering international quality research products, and thanks to its large local presence, with local know-how too. It is also unique in the region for its exclusive leadership make-up of Extel-ranked analysts. The Research team comprises a macro and equity strategy team which tracks, analyzes and forecasts macro-economic indicators, in addition to some of the most experienced equity analysts in the region, with 48 years of cumulative experience in MENA equity research. Bottom-up, the Research product is multi-sector, covering: financials, real estate, industrials and construction, telecoms, and consumer for equities listed in Egypt and across the GCC markets. CI Capital Research is also developing a small and midcap research product, in response to strong client interest. Cumulatively, the team plans to have 120 MENA stocks under coverage in two years' time.

2013 Accomplishments:

- Brought its coverage universe up to close to 50 companies in Egypt, the UAE, Saudi Arabia, Qatar, Oman and Jordan-- a cumulative market cap of USD 85 billion.
- Increased regional coverage, with MENA equities now representing 30% of CI Capital Research's coverage universe.
- Successfully hosted an Egypt Investor Conference in London and New York, the largest event of its kind to be held abroad.
- Was among the few research houses selected to help the Egyptian government's General Authority for Investment presentation to potential investors bringing in much desired FDI to Egypt.

Concrete	Al Hokair Group	Oriental Petrochemicals Company	Orascom Construction	El Sewedy Electric
EGP 158 mn	Undisclosed	Undisclosed	USD 7.345 mn	Undisclosed
Sale of 38% stake to CIB Direct Investment	Debt Restructuring	Sale of 33% stake to Carbon Holdings	Sale of 33% stake to Carbon Holdings	Sell-Side Advisor
January 2013	January 2013	May 2013	July 2013	July 2013

Egypt Factors

Profile
Egypt Factors (EGF) is a joint venture between Commercial International Bank (CIB) and Malta-based FIMBank plc. Each entity owns 40% of the joint venture, with the International Finance Corporation (IFC) — a member of the World Bank Group — holding the remaining 20%. EGF is the first non-banking financial institution in Egypt to purely specialize in factoring, and is the first registered company on the Egyptian Register for Factoring Companies.

Product Type
With a clear focus on non-traditional trade finance instruments, Egypt Factors is committed to supporting and promoting cross-border and domestic trade in Egypt. To that end, Egypt Factors provides a comprehensive package of receivables management services that consist of the following:

- **Administration & Commercial Collection**
  EGF will undertake all debtor bookkeeping and collection measures, as well as monitoring and following up on all outstanding invoices. With the company's coverage extending to over 85 countries around the world, including Egypt, EGF is able to bridge differences in culture, language, market habits and legal environment through a comprehensive network of more than 400 correspondents worldwide.
- **Funding**
  EGF will advance up to 90% of all covered receivables. This turns sales on credit terms into cash sales. As cash flows improve, client flexibility increases.
- **Debt Protection**
  EGF guarantees 100% payment up to a limit established for each buyer, and will settle covered undisputed receivables if not paid after a defined period from the due date. Buyers are under periodic evaluation to make sure that upcoming risks are recognized on time.

Target Market
The company targets producers/manufacturers, traders and service providers who conduct transactions based on short-term deferred payments. EGF also offers services to domestic buyers from local or foreign sources, which benefit from the increased purchasing power without tying up banking facilities.

For large corporations, factoring is advantageous in that it provides value added services and non-recourse funding to improve risk position, business efficiency and financial ratios. Factoring is also considered highly beneficial to mid-cap companies in terms of liquidity and growth.

2013 Accomplishments
Despite the turbulence that rocked both the global markets in general and Egypt's economy in particular over the past three years, Egypt Factors has succeeded in penetrating new business sectors while maintaining its business portfolio and achieving substantial growth during FY13.

According to Factors Chain International (FCI) statistics, EGF has, for the fifth consecutive year, achieved the highest volume of international trade handled through the FCI network among all Egyptian factoring companies and was ranked third in the MENA region.

Ongoing forward strategy
With a positive outlook for domestic growth, stability and a more congenial global environment expected over the coming year, Egypt Factors has ambitious growth plans and aims to boost its growth pace while focusing on providing value-added services to its clients. Long-term, Egypt Factors aims to become the leading commercial finance hub in the MENA region.

Commercial International Life Insurance Company

Commercial International Life Insurance Company (CIL) seeks to meet the savings and protection needs of individual and corporate customers in Egypt with insurance products that offer excellent value-for-money. CIL was a pioneer in introducing unit-linked products to the Egyptian market and remains the leader in this segment today.

Leveraging on the combined strength of its two respected shareholders, UK's Legal & General and Egypt's Commercial International Bank, CIL delivers a successful banc-assurance sales model. The company has risen to become one of the largest players in the Egyptian life insurance industry.

2013 Performance
Despite challenging conditions and distressed circumstances in the Egyptian market, CIL successfully met its annual targets thanks to the positive enhancements in efficiency, productivity and quality measures applied by CIL.

CIL currently insures the lives of and provides retirement savings programs for more than 350,000 and 56,000 individuals, respectively.

Forward Strategy
Going forward, CIL is determined to maintain its strategy to:

- Build a strong and vibrant company through sustained growth in the sale of profitable products to individual and corporate customers.
- Deliver innovative value-for-money protection and savings products aimed at satisfying the needs of clients.
- Provide exceptional customer service, professional growth and fulfillment of employees.
- Improve quality of life in our community.
- Contribute materially to CIB's revenue base with strong sales growth, high policy persistency and maximization of synergies with CIB affiliate companies.

Corporate Leasing Company (Egypt) SAE – CORPLEASE

CORPLEASE is one of the top three financial leasing companies in Egypt. Established in 2004, the company provides finance lease and operating lease products to the SME sector and the corporate sector at large. CORPLEASE also provides fleet management and vendor finance products as well as structured leasing products. The company covers all of Egypt through its offices in Cairo, Alexandria, Mansoura, Assiut, Hurghada and Suez. In addition, the company established a fully-owned subsidiary incorporated in the Dubai International Financial Center (DIFC).

In 2013, CORPLEASE achieved robust new lease bookings as volumes more than doubled compared to 2012. The economic environment in Egypt remains fast-changing, a factor which directly impacts credit risk and demand levels for medium and long term financing. Despite the difficult business environment, CORPLEASE retained a robust and healthy portfolio by placing significant emphasis on the soundness of each individual credit story and overall portfolio risk diversification measures. The company continues to enjoy a strong financial position with favorable coverage, liquidity, capitalization and funding ratios.

CORPLEASE continues to place significant emphasis on developing its automation, risk and internal controls. The company continuously invests in the development and training of its professional staff through dedicated in-house and external training activities. The company believes that the quality of its people, operating practices and controls are the best in the industry.

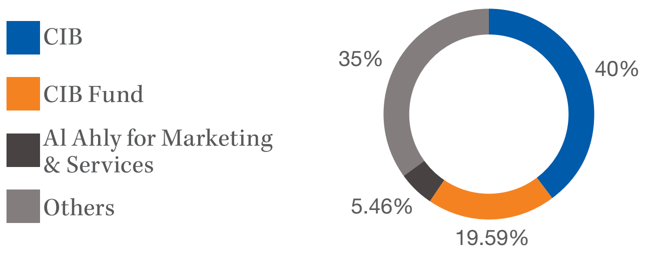
Falcon Group

Falcon Group was established in 2006, and has grown into a full-fledged security services company. Falcon Group is a joint venture between CIB, the CIB Employees Fund, Al Ahly for Marketing and Services and other private entities. CIB owns 40%, the Employees Fund 20%, Al Ahly for Marketing and Services 5%, while other shareholders own the remaining 35%. The Group's five main lines of business operate as separate legal entities: Security, Cash In Transit, Technical Services, General Services and Properties Management, Falcon Blue for Touristic Services. As of December 2013, the group achieved consolidated revenues of EGP 164 million.

Falcon was established with a paid-in capital of EGP 10 million, and by 2010 the company had distributed dividends amounting to 175% of the paid-in capital and realized an average return on equity of more than 30% as of 2013.

Falcon increased its issued capital from EGP 10 million to EGP 30 million in 2013; currently the paid-in capital amounts to EGP 15 million. The capital increase should be finalized in 2014.

Shareholders	Capital Structure 2013
CIB	40%
CIB Fund	19.59%
Al Ahly for Marketing & Services	5.46%
Others	35%
Total	100%



Business Lines

Falcon for Security Services:

- Properties and Premises Protection
- Public Event Security
- Personal Protection
- Security Dogs
- Corporate Security Training Courses
- Female Guards
- Safety Training
- Industrial Security

Falcon Tech:

- Security surveillance equipment
- Fire systems
- Counter-surveillance equipment
- Safety Equipment
- Access control equipment
- We provide professional training for all technicians to ensure high quality services

Falcon for Money Transfer Services

- Cash Management and Transit
- ATM Services
- Money Processing
- Valuables Transfer

> *Falcon for General Services and Properties Management, despite being a newly established entity, has expanded to 318 sites in a number of different regions throughout Egypt, capturing an estimated 14% market share.*

Falcon Blue for Touristic Services

- Booking International and Domestic Flights and Hotels
- Visa Handling
- Meet and Assist
- Medical Insurance for Travel
- Assistance in Recovering Lost Baggage
- Tour Arrangement for Groups and Individuals
- Hajj and Omrah

Falcon for General Services and Properties Management

- Cleaning and Housekeeping
- Pest Control
- Planting and Trimming
- Maintenance

Expanded Market Presence

Falcon Security Services has grown its share of the market to 42%, and continues to be a trustworthy provider to clients in 496 locations.

Falcon for General Services and Properties Management, despite being a newly established entity, has expanded to 318 sites in a number of different regions throughout Egypt, capturing an estimated 14% market share.

Falcon for Money Transfer Services Falcon fleet increased to 100 armored vehicles, and installed GPS tracking systems and monitoring cameras in its fleet. The company also opened its Ismailia branch, which increased market share to 33%.

In 2013, Falcon commenced construction of its new headquarters located in New Cairo. The first phase includes 2 basements and a ground floor with an expected cost of EGP 15 million.

In our efforts to further institutionalize the group and enable the company to grow efficiently, Falcon established a Compliance Department and enhanced its corporate governance oversight at the board level.

New Products, Services and Expansions

Following the 25th of January revolution and the political and economic turmoil that followed, the security market's dynamics shifted as corporations and individuals alike altered their perspective, with security becoming an issue of paramount importance. Furthermore, many businesses began to outsource their security needs in order to avoid strikes and employee demonstrations, which hindered operations. These developments led to an influx in demand for efficient and reliable security solutions that include cash in transit services and electronic security solutions.

2013 Group Accomplishments:

- Inaugurated a new Cash Center in the Fifth Settlement, which will enable Falcon to provide vault management services, featuring a more secure location, state of the art armored vault.
- Established Security Emergency unit and backup services
- Received the 2013 Knight award by the ISO association in the UAE

Strategy Going Forward:

- Opening a new branch in Mansoura in 2014, and 4 branches during the coming three years.
- Adding 22 cars to our fleet during 2014, with a target of 160 vehicles by 2016.
- Establishing a showroom for electronic solutions that will afford Falcon Tech the ability to better present products to clients.

CORPORATE GOVERNANCE

Connecting the heart of Cairo to the upscale Gezira Island and Zamalek, the Kasr El Nil Bridge is guarded by large stone lions created in the late 19th Century by French sculptor Henri Alfred Jacquemart.

CORPORATE GOVERNANCE

We at CIB firmly believe that good governance is a cornerstone of our success as it assures the alignment of the interests of shareholders and managers and the monitoring of management through the dissemination of information and transparent reporting. Corporate governance is the underlying framework within which our five-year plan is being implemented. As such, we have developed a sound reporting system that guarantees timely, transparent and accurate disclosure of material matters regarding the Bank, its ownership, operations and financial performance. The Bank also advocates the equal treatment of all shareholders and the protection of their voting rights.

We take pride in our strong corporate governance structures, which include an experienced team of professional executive directors and senior management, competent board committees, as well as a distinguished group of non-executive directors who truly believe that while business requires mandated laws and rules, these can never substitute for ethical behaviour and voluntary compliance.

CIB's highly qualified Board of Directors is supported by internal and external auditors, as well as other internal control functions (Risk, Compliance, and Internal Audit), and effectively utilizes the work carried out by those functions to ensure that the Bank adheres to international best practices in corporate governance. CIB also changes auditors every five years to ensure objectivity and exposure to new practices.

The Board of Directors

One of our key strengths is our distinguished Board of Directors, the ultimate decision-making body of the Bank. The Board is composed of nine members: with a diverse knowledge base and a balanced skill set that gives CIB a distinct competitive edge. The Board primarily focuses on long-term financial returns and the best interest of all CIB's stakeholders: customers, shareholders and employees of the Bank, as well as the communities in which the Bank operates. Moreover, the Board's role is to set the Bank's values, strategy and key policies, along with pursuing and maintaining its long-term success. Such a role is accomplished through providing entrepreneurial leadership, sound strategies and risk management oversight to ensure that risks are assessed and properly managed.

The Directors meet at least six times per year for discussions on matters that are important to shareholders. Over the course of 2013, CIB's Board met eight times. Being the single largest shareholder in CIB, Actis — an emerging market private equity specialist — currently owns 9.09% of CIB's shares and has a representative on the Board.

Mr. Hisham Ezz Al-Arab

Chairman and Managing Director

Mr. Hisham Ezz Al-Arab has been leading CIB since 2002 as Chairman and Managing Director. Under his leadership, CIB expanded its leading position, grew its market capitalization from USD 200 million to USD 4 billion, and developed from a wholesale lender into the full-fledged financial institution it is today. His vision transcended financial performance to include the adoption of best practice in corporate governance, and risk management and the buildup of a modern banking culture. With that effort CIB stock is now viewed by the international investment community as a proxy stock for Egypt and the benchmark for its banking industry.

Mr. Ezz Al-Arab is the Chairman of the Board of Trustees of CIB Foundation. He is also a Director in MasterCard Middle East & Africa's Regional Advisory Board since June 2007 and a principal member of the American Chamber of Commerce. For his distinguished work, he was elected as a member of the Board of Trustees of the American University in Cairo (AUC) in November 2012. In March 2013, Mr. Ezz Al-Arab was also elected as Chairman of the Federation of Egyptian Banks.

Prior to joining CIB, Mr. Ezz Al-Arab led a distinguished banking career as Managing Director in international investment banks in London (Deutsche Bank, JP Morgan and Merrill Lynch), Bahrain, New York and Cairo.

Mr. Jawaid Mirza

Non-Executive Board Member

Mr. Jawaid Mirza is a senior advisor and banking executive with a solid record of accomplishments in all facets of financial, technology, risk and operations management. After successfully serving as a Group COO at CIB, Mr. Mirza acted as Board Member and Managing Director since April 2013. Starting January 2014, Mr. Mirza will serve as non-executive board member of the CIB Board.

Mr. Mirza brings with him over 30 years of diversified experience, working with global institutions like Citicorp and ABN AMRO Bank. He started his career in Citibank as a Financial Controller in Pakistan, subsequently serving in various senior regional positions in ABN-AMRO in Central Eastern Europe, European Region, Central Asia, Middle East and Africa. He later moved to Hong Kong as Corporate Executive Vice President and CFO responsible for the Asian region and Australia/New Zealand. He has led successful due diligences for acquiring banks in Hungary, Taiwan, Thailand, Germany, France and Pakistan.

Mr. Mirza is a successful leader with demonstrated abilities in directing operations and staff, managing financial performance and streamlining system across the board to deliver cost savings, enhance efficiency, and improve bottom line profitability. His core competencies extend to Strategic Business Planning, Performance Management, Operation Risk Management, Offshore and Shared Services, Audit, Compliance and Central Controls, Change Management, Operation Efficiency, M&A, Due Diligence and IT Services & Operations.

Mr. Mirza has been a member of the Top Executive Group of ABN AMRO bank, bestowed to only 120 out of 160,000 members of staff and was also a member of the ABN AMRO Group Finance Board as well as the Group COO Board, and also served in Board of Directors with ABN AMRO Pakistan Ltd. He has attended various business management courses at reputable institutions including the Queens Business School and the Wharton Business School.

CIB's Board of Directors is supported by auditors, internal control functions (Risk, Compliance, and Internal Audit), and effectively utilizes the work carried out by those functions to ensure that the Bank adheres to international best practices in corporate governance.

Dr. William Mikhail

Non-Executive Board Member

Dr. Mikhail is a professor of Econometrics at the American University in Cairo (AUC). He obtained his PhD from the London School of Economics, in 1969. He served as an associate professor of Statistics and Econometrics at Cairo University in the 1970s.

In addition to his academic career, Dr. Mikhail worked at the Ministry of Planning, London School of Economics, Dar Al-Handasah Consultants in Rabat, Morocco and in Amman, Jordan, Techno-Economics Division of Kuwait Institute for Scientific Research, UN Development Program, and UNDESD. Dr. Mikhail has published extensively on econometric theory and applied econometrics in international journals, and supervised many PhD and MA theses both at Cairo University and AUC.

Mr. Mahmoud Fahmy

Non-Executive Board Member

Counsellor Fahmy is a renowned Egyptian lawyer, an international arbitrator and an Attorney at Law admitted to Egypt's Bar of Civil, Commercial and Criminal Cassation Courts, the Supreme Administrative Court and the Supreme Constitutional Court. He is also a member of the General Assembly of Public Sector Banks at the Central Bank of Egypt, a member of the Egyptian Businessmen's Association and head of its Investment and Economic Legislation Committee, Chairman of the Egyptian Legal Association, Chairman of Corporate Leasing Co. Egypt (CORPLEASE) and Chairman of The Egyptian Leasing Association. He previously served as the Chairman of the Capital Market Authority.

Mr. Fahmy is the founder of the Fahmy Law Office for Legal Consultation, Arbitration, Investment and Capital Markets.

Dr. Nadia Makram Ebeid

Non-Executive Board Member

Dr. Nadia Makram Ebeid is the Executive Director of the Centre for Environment and Development for the Arab Region and Europe (CEDARE), an international diplomatic position that she has held since January 2004. For a period of five years beginning in 1997, Dr. Ebeid served as Egypt's first Minister of Environment, the first woman to assume this position in the Arab World.

Early in her career, Dr. Ebeid held several managerial posts with the United Nations Development Program (UNDP), the United Nations Food and Agriculture Organization's Regional Office for the Near East, and the Council for Environment and Development Research. In recognition of her role in environmental policy and advocacy, Dr. Ebeid has been awarded numerous awards and distinctions from local and international NGOs, leading institutions and associations.

Dr. Medhat Hassanein

Non-Executive Board Member

Dr. Medhat Hassanein, Egypt's former Minister of Finance (1999-2004), is a professor of Banking and Finance with the Management Department of the School of Business, Economics & Communication at the American University in Cairo.

Dr. Hassanein is a senior policy analyst with long experience in institutional building, macro-policy analysis, financial economics, corporate finance and international financial management. He has previously served as advisor to government, high-level advisory bodies and the donor community. During his term as Minister of Finance, he developed and instituted the second generation of fiscal public policy reforms for the Government of Egypt.

Dr. Hassanein has also served as Chairman and Board Member in public holding companies, private corporations and many respected banks in Egypt, last of which was HSBC Egypt (2004-May 2009) where he chaired its Audit Committee.

Dr. Hassanein obtained his BA in Economics from Cairo University (with Honors), an MBA from New York University (with Distinction) and a PhD from Wharton School of Business, University of Pennsylvania, USA.

Mr. Paul Fletcher

Non-Executive Board Member

Mr. Fletcher is a Senior Partner of Actis, leading the firm, which he joined in 2000, from its London headquarters. Originally a banker with Cargill, Banker's Trust and Swiss Bank Corporation, Mr. Fletcher transitioned into corporate finance in the early 1990s with a role at Citibank.

At Citibank, he led the East African operations, becoming Head of Emerging Markets Strategic Planning. With two decades of experience in emerging markets, Mr. Fletcher's career has spanned Kenya, Tokyo, New York and London.

Mr. Fletcher is a Founding Director of the Emerging Markets Private Equity Association (EMPEA). He holds a Masters in Geography from Oxford University.

Mr. Yasser Hashem

Non-Executive Board Member

Mr. Hashem began his career as a Partner at Zaki Hasherm & Partners after his graduation from the Faculty of Law, Cairo University in 1989.

In 1996, He became the Managing Partner of Zaki Hashem & Partners, Attorneys at Law, where he became responsible for managing the day-to-day business of the firm and representing the firm with major clients and international law firms. Mr. Hashem has specialized knowledge of Corporate, Capital Market, Mergers & Acquisitions and Telecom Law matters. Mr. Hashem has participated in a number of restructurings and incorporations of foreign and domestic companies, in addition to providing advisory services to many local and foreign investors on aspects of doing business in Egypt.

Mr. Hashem handled all IPOs that took place during the past seven years in Egypt, as well as represented acquirers in major M&A transactions and tender offers. Moreover, he participated in drafting and negotiating all major telecom licenses (public payphones, mobiles, private data networks, marine cables, satellite, etc.) since the inception of private provision of telecom services in Egypt.

Mr. Hashem was admitted to the Egyptian Bar Association (in 1989), as well as the Supreme Court of Egypt (in 2007). He is also a member of the Egyptian Society of International Law and the Licensing Executive Society (LES). He is also an Honorary Counsel to the British Ambassador in Egypt.

Dr. Sherif H Kamel

Non-Executive Board Member

Dr. Kamel is the founding Dean of the School of Business at the American University in Cairo from September 2009 through the present and is a professor of Management Information Systems.

Dr. Kamel served as associate dean for executive education (2008-2009), where he led the establishment of the school's International Executive Education Institute. Between 2002 and 2008, he was director of the school's primary professional development department, and during the period 2002-2006, he was director of the Institute of Management Development.

Before joining AUC, Dr. Kamel was director of the Regional IT Institute (1992-2001) and for the period 1987-1992, helped establish and manage the training department of the Cabinet of Egypt Information and Decision Support Center.

Dr. Kamel holds a PhD in Information Systems from London School of Economics and Political Science (1994), an MBA (1990), and a BA in Business Administration (1987) from AUC, and a MA in Islamic Art and Architecture.

Dr. Kamel is a member of many renowned organizations, including: the World Bank Knowledge Advisory Commission, the American Chamber of Commerce in Egypt, the US-Egypt Business Council, the Association of African Business Schools, the Egyptian Council for Foreign Affairs, and the Rotary Organization. Dr. Kamel has received a number of organizational leadership awards for serving the IT community, including accolades in 1999 (IRMA, USA), 2000 (BIT World, Mexico), 2009 and the AUC School of Business, Economics and Communication Excellence in Research Award in 2005.

The Board of Directors' Committees

CIB's Board of Directors has eight standing committees that assist the Board in fulfilling its responsibilities. Accordingly, the Board is provided with all necessary resources to enable them to carry out their duties in an effective manner. Each committee operates under a written charter that sets out its responsibilities and composition requirements.

Committee	Members	Key Responsibilities
Audit Committee Supervising the quality and integrity of CIB's financial reporting	**Chair:** Dr. Medhat Hassanein **Members:** Dr. Sherif Kamel Mr. Yasser Hashem	The Committee's mandate is to ensure compliance with the highest levels of professional conduct, reporting practices, internal processes and controls. Consistent with the interests of all stakeholders, the Audit Committee also insists on high standards of transparency and strict adherence to internal policies and procedures. In performing its critical functions, the Committee is cognizant of the important role CIB plays in the Egyptian financial sector as a leader in all of the aforementioned areas. The Audit Committee met six times in 2013.
The Governance and Compensation Committee Responsibility for corporate governance of CIB as well as Responsibility for the Board's performance evaluation, compensation and succession planning	**Chair:** Dr. Nadia Makram Ebeid **Members:** All other Non-Executive Board Members	The Governance and Compensation Committee (GCC) is an integral part of the overall responsibilities of the Board of Directors. As such, and in line with CIB's corporate governance framework, the GCC is responsible for establishing corporate governance standards, providing assessment of Board effectiveness and determining the compensation of members of the Board. The Committee also determines the appropriate compensation levels for the Bank's senior executives and ensures that compensation is consistent with the Bank's objectives, performance, and strategy and control environment. The Governance and Compensation Committee (GCC) met two times in 2013.

Committee	Members	Key Responsibilities
The Risk Committee Supervising the management of risk of CIB	**Chair:** Mr. Jawaid Mirza **Members:** Mr. Mark Richards Mr. Paul Fletcher	The primary mission of the Risk Committee is to assist the Board in fulfilling its oversight risk responsibilities by establishing, monitoring and reviewing internal control and risk management systems to ensure the Bank has the proper focus on risk. It also recommends to the Board the Bank's risk strategy with all its associated limits. The Risk Committee met four times in 2013.
The Management Committee Responsibility for execution of the Bank's strategy	**Chair:** Mr. Hisham Ezz Al-Arab **Members:** Mr. Hussein Abaza along with other senior and executive CIB staff	The Management Committee is an Executive committee chaired by the Chairman and Managing Director and is composed of the Vice Chairman and Managing Director, CEO of Institutional Banking, CEO of Consumer Banking and the COO. The Management Committee is responsible for executing the Bank's strategy as approved by the Board. It manages the day-to-day functions of the Bank to ensure alignment with strategy, effective controls, risk assessment and efficient use of resources in the Bank. The committee adheres to high ethical standards and ensures compliance with regulatory and internal CIB policies. The committee also provides the Board with regular updates regarding the Bank's financial and business activity reports as well as any key issues. The Management Committee met twelve times in 2013.
The High Lending and Investment Committee Responsibility for assets' allocation, quality and development	**Chair:** Mr. Hisham Ezz Al-Arab **Members:** Mr. Hussein Abaza Along with other senior and executive CIB staff.	This committee is an Executive Committee chaired by the Vice Chairman and Managing Director and members of the Bank's key senior executives. The High Lending and Investment Committee is responsible for managing the assets side of the balance sheet; keeping an eye over assets allocation, quality and development. Per its mandate, the High Lending and Investment Committee convened weekly throughout 2013.
The Affiliates Committee Responsibility for steering and managing CIB's affiliates	**Chair:** Mr. Hisham Ezz Al-Arab **Members:** Mr. Hussein Abaza along with other senior and executive CIB staff.	The Affiliates Committee is a committee reporting to the Board of Directors, responsible for steering and managing CIB's affiliates, and acts as a think-tank for the setting and initiation of all strategic goals related to the Bank's affiliates.The affiliates committee met five times throughout 2013.
The Sustainability Advisory Board Concentrating on long-term value drivers that advance the twin objective of sustained success of the Bank as well as the well being and betterment of society as a whole	**Chair**: Dr. Nadia Makram Ebeid **Members:** Dr. Medhat Hassanein Mr. Jawaid Mirza	The Sustainability Committee is a committee delegated by the Board of Directors to oversee, approve and monitor all sustainability strategies, initiatives and projects. It concentrates on long-term value drivers that advance the twin objective of sustained success of the Bank as well as the well-being and betterment of society as a whole. The committee has met three times over the course of 2013.
The Operations and IT Committee Assisting the Board in overseeing Bank operations and technology strategy as well as Operations and Technology Risk	**Chair**: Mr. Jawaid Mirza **Members:** Dr. Sherif H. Kamel	The Committee is appointed by the Board of Directors to assist the Board in its oversight of the Bank's operations and technology strategy and significant investments in support of such strategy as well as Operations and Technology Risk. It is a newly formed committee to be operative first of January 2014.

CHIEF EXECUTIVE OFFICERS

EXECUTIVE MANAGEMENT

Mr. Hisham Ezz Al-Arab

Chairman and Managing Director

Mr. Hisham Ezz Al-Arab has been leading CIB since 2002 as Chairman and Managing Director. Under his leadership, CIB expanded its leading position, grew its market capitalization from USD 200 million to USD 4 billion, and developed from a wholesale lender into the full-fledged financial institution it is today. His vision transcended financial performance to include the adoption of best practice in corporate governance, and risk management and the buildup of a modern banking culture. With that effort CIB stock is now viewed by the international investment community as a proxy stock for Egypt and the benchmark for its banking industry.

Mr. Ezz Al-Arab is the Chairman of the Board of Trustees of CIB Foundation. He is also a Director in MasterCard Middle East & Africa Regional Advisory Board since June 2007 and a principal member of the American Chamber of Commerce. For his distinguished work, He was elected as a member of the Board of Trustees of the American University in Cairo (AUC) in November 2012. In March 2013, Mr. Ezz Al-Arab was also elected as Chairman of the Federation of Egyptian Banks.

Prior to joining CIB, Mr. Ezz Al-Arab led a distinguished banking career as Managing Director in international investment banks in London (Deutsche Bank, JP Morgan and Merrill Lynch), Bahrain, New York and Cairo.

Mr. Ahmed Maher Abdel Wahed

CEO Consumer Banking and Operations

Mr. Ahmed Maher Abdel Wahed joined CIB in December 2013, bringing over 25 years of experience in international banks across the Middle East, and strong track records in diversified banking structures.

Before joining CIB, Mr. Abdel Wahed spent 11 years at HSBC in multiple senior executive assignments across the Middle East. In his most recent assignment, he was the Regional Chief Operating Officer for the Middle East and North Africa, and a member of the HSBC Group COO Strategy and Decision Making Executive Committees. In this capacity, he represented the region to drive global strategy, standards and organizational effectiveness. As a result, he ensured streamlined processes, technology and diversified culture within the institution, hence supporting business growth, quality of service and customer experience within a strong risk and control framework.

Mr. Abdel Wahed began his career in 1988 at CIB, after graduating from Cairo University. Now with more than 25 years of experience and international exposure, he has returned to his home country, Egypt, and his extended CIB family. He brings with him a wealth of knowledge and experience, and seeks to be part of the change and great future of Egypt in general, and CIB in specific.

Mr. Mohamed Abdel Aziz El Toukhy

Head of Retail and Business Banking

Mr. Mohamed Abdel Aziz El Toukhy is leading the transformation of the organization into a modern consumer banking franchise.

Mr. Touhky began his career with CIB's Trade Finance Department in 1979. He has risen through the ranks, assuming positions in Operations, Branch Management and Corporate Banking. In July 2006, he was promoted to General Manager of Consumer Banking and has since led the CIB Branch Network and Retail Banking areas to unprecedented success.

During his tenure, CIB branches have grown in number to 145, covering all key governorates in Egypt. Moreover, all of the Bank's Asset and Liabilities businesses are on solid growth trajectories, with CIB taking leadership positions in credit cards, auto loans, personal loans, current and savings accounts, time deposits, certificates of deposit and investment / insurance products. In terms of profitability, the Consumer Bank has increased its share of the Bank's net income from only 10% in 2006 to 39% in 2012. Under Mr. Toukhy's leadership, CIB's Branch Network and Retail Banking Group grew its 2013 Consumer Banking balance sheet (B/E) to over EGP 74 billion in customer deposits.

Mr. Burhan Khan

Senior Advisor For Consumer Banking

Mr. Burhan Khan joined CIB in November 2012 as Senior Advisor for Consumer Banking. Mr. Khan brings with him extensive experience of more than 30 years in global institutions like Citibank, Standard Chartered, ABN AMRO and the Royal bank of Scotland and across various geographies, including Pakistan, Australia, the United Arab Emirates and Kazakhstan.

Mr. Khan has worked in all facets of the consumer business at different stages of evolution across various cultures and markets. He has been responsible for the formation of consumer banking divisions that became leading consumer franchises as well as the turnaround of consumer businesses in other geographies in a short period of time. All of this included coming up with a strategic vision and agenda as well as the implementation of the segmented approach to managing the business, launching innovative products and services, optimizing channels for sales and service and effective marketing and communication. Mr. Khan has worked in a number of key areas in consumer banking during his career, including heading Alternate channels, Non-resident programs, Wealth segment, Credit Cards and Branch Distribution. Burhan also specializes in customer experience in consumer banking and has worked in a number of regions to enhance customer loyalty across distribution channels.

Mr. Khan also worked in Corporate and Treasury Operations in his early years of banking, where he worked on process reengineering, enhancement of controls and productivity gains.

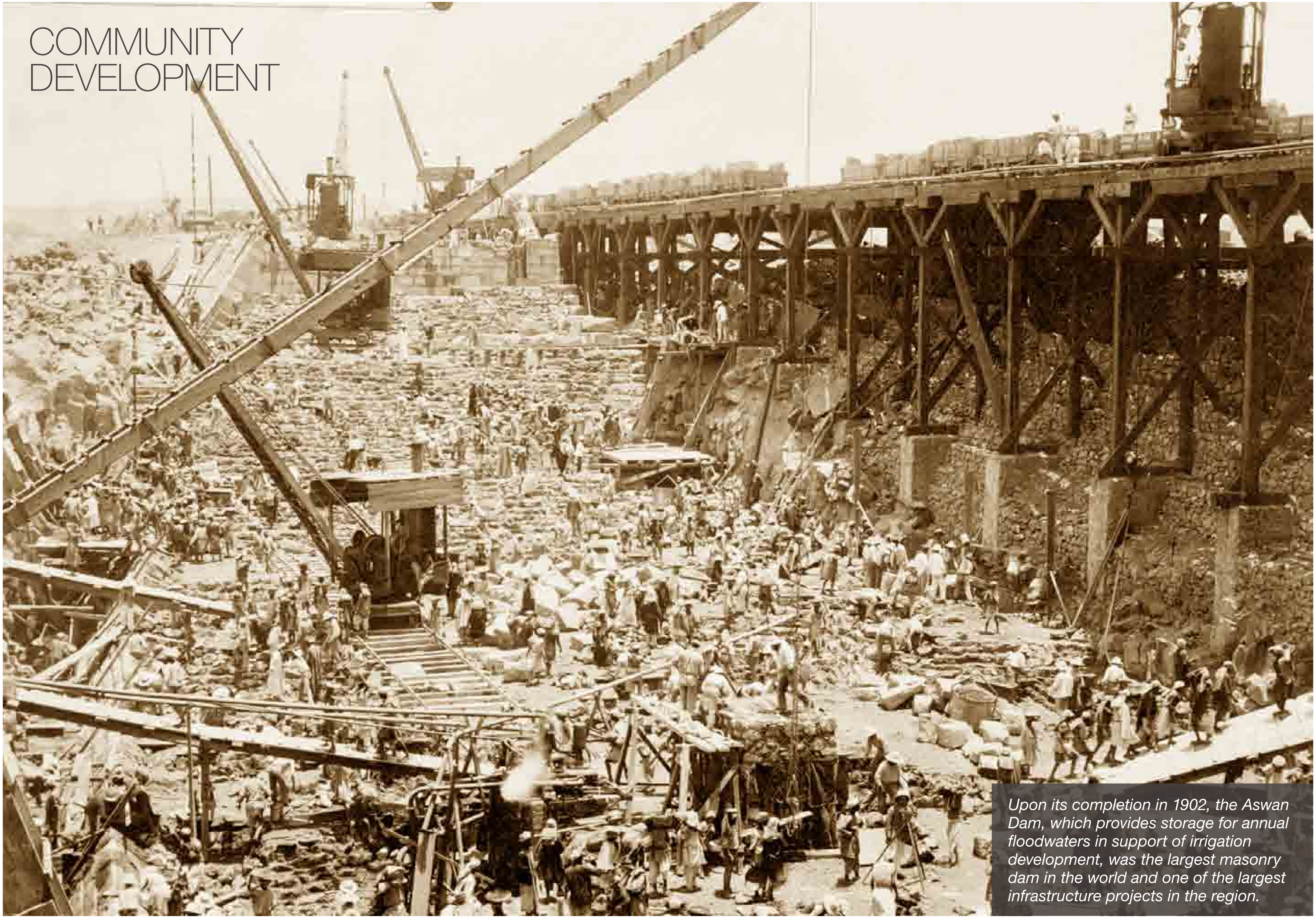
Mr. Hussein Abaza

Chief Executive Officer, Institutional Banking

Mr. Hussein Abaza assumed his duties as CEO of Institutional Banking in October 2011. Prior to his current role, Mr. Abaza was CIB's Chief Operating Officer, Chairman of CIAM and a member of the High Lending and Investment Committee, and the Management Committe, The affiliates Committee and the Board of the CI Capital Holding Company.

In addition to these positions, he has a long history with CIB where, as General Manager and Chief Risk Officer, he was responsible for Bank-wide Credit, Market and Operational Risk, and Investor Relations. Outside CIB, Mr. Abaza worked as Head of Research at EFG Hermes Asset Management from March 1995 until October 1999. He began his career at Chase National Bank of Egypt, the forerunner to CIB. He holds a BA in Business Administration from the American University in Cairo.

COMMUNITY DEVELOPMENT



Upon its completion in 1902, the Aswan Dam, which provides storage for annual floodwaters in support of irrigation development, was the largest masonry dam in the world and one of the largest infrastructure projects in the region.

CIB FOUNDATION

As issues of corporate sustainability and commitment to local communities continue to gain importance in Egypt, the CIB Foundation has been a solid contributor to the country's public health sector. Established in 2010 as a non-profit organization dedicated to enhancing health and nutrition services for underprivileged children in Egypt, and registered under the Ministry of Social Solidarity as per the Ministry's Decree No. 588 of 2010, the Foundation focuses on sustainable development initiatives that result in positive long-term outcomes.

The CIB Foundation is governed by a seven-member Board of Trustees:

Following the annual shareholder's General Assembly meeting in early 2013, the CIB Foundation was allocated roughly EGP 35 million, representing 1.5% of CIB's net annual profit. With this funding, the CIB Foundation continued to support major projects in the field of pediatric healthcare through various multi-faceted initiatives, including renovating and upgrading hospital infrastructure, purchasing medical equipment and providing surgical and medicinal treatment to underprivileged children.

Over the course of 2013, the Foundation's partnerships and initiatives included:

Children's Cancer Hospital 57357: Annual Donation

In 2009, CIB entered into a five-year partnership with the Children's Cancer Hospital Foundation 57357, through which EGP 2 million was donated to the hospital each year. In January 2013, the Foundation fulfilled its fifth year commitment to the hospital. The funds have been used for general operational purposes.

In late 2013, the CIB Foundation renewed its partnership with the 57357 Hospital, raising the annual donation from EGP 2 million to EGP 3.5 million. In the first year of the renewed partnership, the donation will be used to fund patient care as well as construction costs of the hospital's 60-bed expansion.

Friends of Abou El Reesh Children's Hospitals Organization: Operating Costs for the Intensive Care Unit

In February 2012, the CIB Foundation celebrated the official opening of the Foundation-funded Intensive Care Unit (ICU) at the Abou El Reesh El Mounira Children's Hospital. The ICU holds 11 beds, doubling the hospital's capacity to serve critical patients. The new ICU operates alongside the existing

ICU, and provides quality service and care to patients from across the country.

In August 2012, an EGP 2 million protocol of cooperation was signed with the Friends of Abou El Reesh Children's Hospitals Organization to cover the annual operating expenses of the Foundation-funded ICU. In November 2013, the CIB Foundation donated an additional EGP 2 million to the Organization to support staff compensation, medical and administrative supplies, infection control, and needed ICU equipment.

Magdi Yacoub Heart Foundation: 100 Open-Heart Surgeries

The Magdi Yacoub Heart Foundation has been a long-standing partner of both CIB and the CIB Foundation. In August 2012, the CIB Foundation allocated EGP 6 million to the Magdi Yacoub Heart Foundation to cover the costs associated with the open-heart surgeries of 100 children. Through this donation, the CIB Foundation was able to cover the costs for almost all children that had been on the open-heart surgery waiting list. The donation was disbursed in two equal tranches, with the first tranche of EGP 3 million distributed in September 2012, and the second tranche of EGP 3 million distributed in April 2013.

Magdi Yacoub Heart Foundation: Pediatric Outpatient Room

In July 2013, the CIB Foundation donated EGP 1,150,000 to the Magdi Yacoub Foundation to exclusively sponsor the Pediatric Outpatient Room in the Aswan Heart Centre's Outpatient Clinic.

The Outpatient Clinic is the most visited and utilized facility at the Aswan Heart Centre, averaging 500 patients per month. Furthermore, all children diagnosed or treated at the Aswan Heart Centre are first received in this Outpatient Room. Besides increasing the volume of diagnosed patients, the Outpatient Clinic greatly enhances the quality of service delivered. The facility, which came into service in 2012, has a reception area, four examination rooms, one preparation room, one echocardiography room, and one room dedicated to medical secretariat.

By supporting this project, the CIB Foundation became the main sponsor of all pediatric facilities at the Aswan Heart Centre.

Magdi Yacoub Heart Foundation: Second Pediatric Floor

In September 2013, the CIB Foundation's Board of Trustees approved the roughly EGP 14 million exclusive sponsorship of the Second Pediatric Floor of the Aswan Heart Centre. The second floor was opened in early 2013, and in addition to the CIB Foundation-sponsored Children's Play Room, the floor contains 10 patient rooms, 14 beds, 3 storage rooms, 3 lavatories, a housekeeping room, 1 deputy doctor room, and 1 head nurse room.

The CIB Foundation has been an ardent supporter of the Magdi Yacoub Heart Foundation since its inception, and has been committed to enabling the Foundation to provide world-class medical care to the less privileged at zero cost. The Aswan Heart Centre has allowed for the training of young Egyptian doctors at international standards, and has given due attention to scientific research seeking to transfer knowledge, skills and experience across the region and beyond.

With the CIB Foundation's support, the Aswan Heart Centre has become a major referral center for cardiac patients in Egypt and the region.

Friends of Abou El Reesh Children's Hospitals Organization: Emergency Ward and Reception Area

In March 2013, the CIB Foundation's Board of Trustees approved an EGP 10 million initiative to renovate and upgrade the Abou El Reesh El Mounira Children's Hospital's Emergency Ward and Reception Area.

The renovation and upgrade of the Emergency Ward was critical to allow the hospital to provide top quality services and care to incoming patients. The expected 10-month renovation period included restructuring the areas to streamline movement and operations, providing services such as lab work, x-rays, and blood transfusions at high speed and efficiency, establishing reporting mechanisms to facilitate accurate diagnoses, fully equipping the unit to handle high-risk cases, and providing intensive care areas in the emergency ward.

The EGP 10 million donation will be distributed to the Friends of Abou El Reesh Children's Hospitals Organization in five equal installments. The first and second installments, totaling EGP 4 million, were distributed in April 2013 and September 2013, respectively.

Rotary Kasr El Nile: One Thousand Eye Surgeries

Through the Rotary Kasr El Nile organization, the CIB Foundation has committed EGP 1.5 million to fund 1,000 eye surgeries for children through the Children's Right to Sight (CRTS) program. Operational for the past six years, CRTS is dedicated to eradicating blindness by supporting children and infants requiring immediate eye surgery. Through partnerships with El Nour Eye Hospital in Mohandiseen and the Eye Care Hospital in Maadi, the CRTS team will oversee between 750 and 1,000 various ophthalmological operations for underprivileged children. Payments for nine rounds of surgeries were completed in 2013 for a total of EGP 683,379.

Gozour Foundation for Development: Eye Exam Caravans

In July 2013, the CIB Foundation reaffirmed its partnership with the Gozour Foundation for Development to fund 12 eye exam caravans in public elementary schools across Egypt. The Gozour Foundation for Development is the non-governmental arm of the Center for Development Services (CDS).

The CIB Foundation allocated EGP 683,760 in two tranches to fund caravans in Giza, Qalioubeya, Minya, Beni Suef and Fayoum through the 6/6 Eye Exam Caravan Program. Through a partnership with Alnoor Magrabi Foundation, the caravans are designed to provide public school students with eye exams, eyeglass frames and lenses, eye medication and in-depth eye-exams and referrals at private hospitals for complex cases. Each caravan included 15-20 doctors, nurses, and coordinators, and is fully equipped with eye exam machines, a fully stocked pharmacy and an eyeglass shop. Each one-day caravan targeted 450 children, with a total of 5,400 children receiving free eye exams and care by the end of the project.

In August 2013, the first tranche of EGP 350,460 was distributed to the Gozour Foundation. The second tranche of 333,300 will be distributed in early 2014.

The caravans also presented valuable opportunities for volunteers from the CIB family to engage with the local community and spend quality time with the less privileged. In November and December 2013, volunteers from head offices, regional offices and branches across the governorates actively participated in six caravan days in two schools in Giza and Qalioubeya.

Yahiya Arafa Children's Charity Foundation: Annual Donation

The Yahiya Arafa Children's Charity Foundation is a long-standing partner of the CIB Foundation. In late December 2013, the CIB Foundation's Board of Trustees approved an increase in the annual donation to the Yahiya Arafa Foundation from EGP 1 million to EGP 2 million for the upkeep of three previously-supported Pediatric Units at the Ain Shams University Hospital, as well as the partial operation of a second neonatal unit. The Yahiya Arafa Foundation has been instrumental in purchasing high-end equipment for the units, as well as training the nurses and doctors working in these units. The CIB Foundation strongly believes in ensuring the sustainability of its projects, and believes that supporting the operations of the Yahiya Arafa Foundation will ensure the smooth running of the other supported units. The donation will be used to cover human resources, equipment maintenance, operating costs and academic research.

The CIB Foundation has been an ardent supporter of the Magdi Yacoub Heart Foundation since its inception, and has been committed to enabling the Foundation to provide world-class medical care to the less privileged at zero cost.

Rotary Club of Zamalek: Maxillo-Facial Center in the Pediatric Prosthodontics Department in the Cairo University Faculty of Dentistry

In July 2013, the CIB Foundation's Board of Trustees approved the development of a roughly EGP 300,000 Maxillo-Facial Center in the Pediatric Prosthodontics Department in the Cairo University Faculty of Dentistry. The highly specialized center offers treatment for oral and nasal cavity deformities in the facial palette, congenital deformities in newborn babies, and various facial deformities caused by cancer. Previously, children were treated in the 60-unit prosthodontics area, with adults of all ages. The set up in the prosthodontics area was neither suitable for the children themselves, nor for the doctors in the Faculty.

With the establishment of the center, expected to open in the first quarter of 2014, the Pediatric Prosthodontics Department will be able to provide treatment to children from across the country as one of the sole providers of the specialized procedures.

Bank Al-Kesaa: One Million Blankets Campaign

The One Million Blankets Campaign was initiated in 2012 in collaboration with Amr Adib's 'Cairo Today' talk show, Bank Al-Kesaa (Clothing Bank), Dar El Orman, and the Misr El Khair Foundation, in order to ensure that no Upper Egyptian went to sleep cold. In December 2013, the CIB Foundation made a contribution of EGP 1 million to the national campaign through Bank Al Kesaa, a trusted organization with lengthy experience and success working in Upper Egypt. An internal announcement was also made to CIB staff, encouraging their participation in the national campaign.

Blood Donation Campaigns

In 2013, the CIB Foundation hosted 12 blood donation campaigns in six of its corporate offices in Cairo and Alexandria. The first six campaigns, which took place in April, May and June 2013, were held in collaboration with the Takatof Foundation, a PricewaterhouseCoopers initiative, as part of the Triple Effect initiative. Through the initiative, the Foundation seeks to triple the number of voluntary blood donors in Egypt. Over the course of the first six days, a total of 495 bags of blood were collected, placing CIB in the number one position for the highest number of blood donors in a corporate office in a single-day campaign. The second round of campaigns were held in October and November 2013 in the same corporate offices, with the donated blood going to patients in the National Cancer Institute and Children's Cancer Hospital 57357.

To read more about the projects that the CIB Foundation has helped support and ways in which you can contribute, please visit www.cibfoundationegypt.org or www.facebook.com/cibfoundation.

SUSTAINABILITY AT CIB

The year 2013 marked the launch of CIB's strategic initiative aimed at promoting sustainability throughout its lines of business. This novel approach, an all-too-rare and much-needed development in Egypt, aspires to imprint CIB's core belief in the importance of sustainable development on the landscape of the Egyptian business community.

This approach focuses on the Bank's impact on wider society. The products offered to our customers, the great value the Bank places on its employees and how CIB invests in our communities all have a social impact. While the tax duties paid to the government, the pension funds the Bank commits to and the dividends it pays to shareholders all have an economic impact. Furthermore, the business activities we back in addition to our own operations can have a profound environmental impact.

It is for these reasons that a socially responsible Bank must be run with a long-term view. It must be consistently profitable, but not solely concerned with making a profit. Only then would it have a sustainable business, able to attract and retain the capital it needs from shareholders to continue to operate.

The following sections discuss CIB's approach to sustainability; a strategy rooted in six key pillars as identified in the above chart, which when taken together can serve as a model for other businesses. In addition to looking at how the Bank incorporates sustainability into its business model, the report explores what tangible results were achieved since it began this initiative early in 2013.

Strategy

CIB's sustainability strategy is based on the Bank's vision, values and purpose. We enable people, businesses and society to grow in a way that is sustainable in the long-term.

CIB's responsibility for sustainable development starts with helping our clients work on achieving economic success through ensuring clean, responsible and inclusive growth. CIB not only contributes to creating a place where our employees can learn, grow, and be fulfilled in their work, we also make the communities in which we operate better places to live.

To preserve CIB's distinct leadership and trusted reputation and to make Egypt a better place, sustainability is integrated in our business model and consists of three main areas: Financial sustainability, Social sustainability and Environmental sustainability. We thereby assure the Bank's fundamental capacity to contribute to economically-, environmentally- and socially-sustainable development in markets where we operate and in society as a whole.

Risk Management

CIB has a strong and longstanding commitment to managing the environmental and social risks associated with commercial lending. We recognize that a Bank's major environmental impact tends to be indirect, arising from the provision of financial services to business customers operating in sensitive sectors. We also believe that taking due account of our environmental and social impact is not only the right thing to do, but also makes good business sense.

CIB is currently in the process of establishing a Social & Environmental Management System (SEMS) with the backing of an external consultant, in order to manage our direct and indirect environmental impact in an efficient and systematic manner.

SEMS is a comprehensive, systematic, planned, and documented set of processes and practices, that allow financial institutions to identify, appraise, manage, monitor and mitigate risks associated with environmental and social implications of operations and investments. Once tested and approved, the SEMS will become an integral part of the Bank's internal credit management processes. We realize that developing and institutionalizing SEMS is the key requirement for a financial institution to abide by the Equator Principles, and therefore be recognized as a Green Bank. The Equator Principles comprise a risk management framework to which financial institutions may voluntarily accede.

Following training and the testing of the SEMS application, CIB will also be looking at the adoption of the Equator Principles for determining, assessing and managing social and environmental risk in project finance loans and investments. The Equator Principles are based on IFC performance standards on social and environmental sustainability and on the World Bank's general environmental and health and safety guidelines.

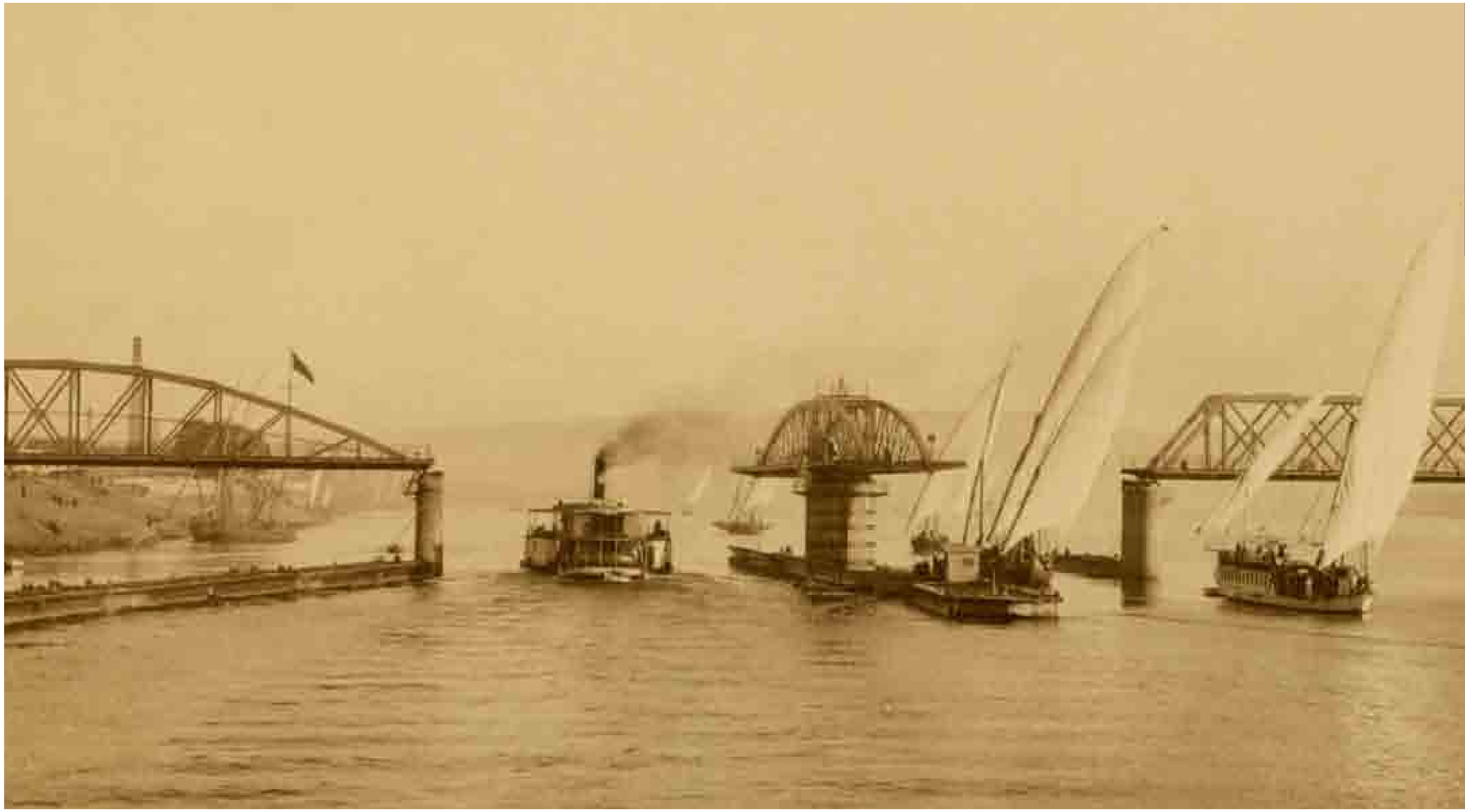
Sustainable Operations

CIB believes that a meaningful commitment to protecting the environment must begin with a commitment to conduct our internal operations in an environmentally responsible manner. We have begun to further analyze our in-house operations, with a particular focus on their direct impact on the environment. We believe the concrete actions we take in order to manage this impact will raise the awareness of a wider group by inspiring our 5,600 employees.

In order to improve its environmental performance, CIB will take the necessary steps to measure and reduce its resource consumption, raise the awareness of employees and collaborate with suppliers. Areas of development will include resources such as paper, energy, water and solid waste management.

Measures taken in 2013

Solid Waste Management: To set a strategy for waste management, a number of high-level meetings were conducted



The Nag Hammadi railroad bridge in Upper Egypt was constructed as part of the national railroad expansion plan southwards from Assiut, reaching Girga in 1892, Nag Hammadi in 1896, Qena in 1897 and Luxor and Aswan in 1898.

with both private and public waste entities, including one conducted with representatives of the Ministry of the Environment in October of 2013.

CIB is in the process of developing a solid waste management system, which will begin with the Nile Tower Corporate Office in 2014 as a pilot phase, and expand gradually.

Paper Consumption: Since June 2013, double sided printing was set as default on all Xerox photocopiers in CIB's corporate offices; these printers represent 80% of our paper consumption and waste.

Energy Consumption: Beginning in June 2013, the Bank implemented a PC Sleep Mode initiative proposed by the Green Team. The benefits include a reduction in depreciation for computers in the long-run, and reduction in computer kilowatts consumption by a minimum of 25% and an estimated 40% maximum rate of reduction. CIB has adopted the use of power saving bulbs in some corporate office premises and some branches.

Water Consumption: Water restrictors were installed in the Mobtadian premises and the Tiba head offices. Lavatory toilet flushers were adjusted to flush 6 liters of water instead of 9 liters. We are now preparing to install these restrictors to the Nile Tower facilities, other corporate office buildings and branches. This action will reduce water consumption by an estimated 20% – 30%.

Employees:

Employee Engagement:

Staff Awareness Sessions: The Learning and Development department is working closely with the Sustainability Development department in raising awareness on the initiatives that CIB has undertaken towards achieving its goal of becoming the No. 1 Bank Going Green. By June 2014 it is expected that all CIB employees would have participated in these sessions and will be completely aware of the direction towards sustainability adopted by CIB.

Green Ideas: Through the aforementioned Sustainability Awareness sessions, management has received 28 new recommendations for Quick Win ideas from 18 staff members, with some having already been actualized, while others are being taken into consideration.

Photography Competition: In October 2013, CIB announced its inaugural Photography Competition aimed at promoting environmental awareness, in addition to representing Egypt's natural heritage through photographs reflecting the country's diverse environment and ecology in all its forms. The winning photograph will be used by CIB's Branding Department to promote the 'CIB Going Green Program.'

Human Resources: CIB's recruitment strategy throughout 2013 emphasized greater gender diversification whereby the percentage of females hired reached 37% of the total number of hires for the year.

On the Organizational Development side, the HR department followed through with implementing the departmental action plans set by each department head and those recommended by the second HR Employee Engagement survey held in 2012. Enforcing the recommendations of the survey will serve to establish it as a continuous exercise which will reflect the Bank's leadership ability to consistently improve staff engagement regardless of the challenges involved.

CIB has always believed in creating an equal opportunity atmosphere for all Bank employees, which is very clear in our Code of Conduct. In addition to encouraging non-discriminatory practices, our policies are also highly protective against any form of harassment and intimidation. This is evident in our adoption of a whistle-blowing policy that provides the highest levels of confidentiality and indemnity when raising concerns about any irregularities.

Corporate Social Responsibility

Community Development

Throughout 2013, CIB upheld the core principles of its Corporate Social Responsibility (CSR) activities and its contributions to the community. A commitment that is evident by the diverse range of CSR endeavors that the Bank has undertaken for the year, which are separate from initiatives undertaken by the CIB Foundation, which are discussed beginning on page 72 of this report.

CIB Endowed Professorship in Banking

One of CIB's most promising Community Development initiatives in 2013 involved a partnership with the American University in Cairo (AUC) to develop the CIB Endowed Professorship in Banking program. The program's objective is to design and implement a strong banking curriculum in different educational institutions and enhance education in banking throughout Egypt by offering research and service courses.

This partnership with AUC is a major step toward bringing practical knowledge of industry trends into the classroom. Through the Professorship Program, students will be exposed to the various aspects of Banking that will challenge their thinking and encourage their application of creative new practices. It will also serve as a link between the University's School of Business and key members of the Banking community, including regulators, boards, executives and other.

KidZania

In an effort to expose children to the Banking industry, and specifically to the CIB brand, as well as to encourage career exploration at an early age, CIB entered into a five-year partnership with KidZania. The pilot program will allow children to perform tasks associated with real life careers such as fire-fighters, doctors, police officers, and journalists, and are rewarded with either KidZos — the official currency of KidZania — or credit at Kidzania's games and concessions. CIB's on premises mini-branch will allow the children to cash checks, get debit cards, and deposit or withdraw KidZos from ATMs around KidZania.

KidZania Cairo offers children a variety of fun and interesting role-playing activities in a realistic city setting. The simulation allows children to create and learn the implication of their tasks in the real world. CIB is proud to be part of such an experience and taking part in enhancing community development through instilling sound financial skills and experiences.

IMAX Cinemas

As part of its community outreach efforts CIB began sponsoring a program, in association with IMAX Cinema located in Americana Plaza, which will allow underprivileged children to attend 10 pre-booked and dubbed educational films shown in IMAX theaters.

Sponsoring Talent

In 2013, CIB expanded its commitment as a promoter of cultural development in Egypt and a champion of talented Egyptians in all fields of artistic expression and athletics. To that end, CIB engages with numerous associations and government agencies, such as collaborating with the Fine Arts Division at the Egyptian Ministry of Culture to support a new generation of aspiring and gifted young artists.

As a committed patron of the arts, CIB was a major contributor to the annual National Art Competition, which exhibits the work of promising young artists. Furthermore, CIB sponsored Egypt's first symposium showcasing artwork devised from scrap metal by local artists, in an effort to encourage the proliferation of art by Egyptians from all walks of life.

CIB is proud to be among the sponsors of the Egyptian Squash Association and the world champions, the Egyptian national team, as part of its efforts to encourage youth development in competitive sports in the international arena.

Community Health

Via the CIB Foundation, the Bank is very active in promoting health initiatives for the under-privileged in Egypt. You can learn more about this in the CIB Foundation text that begins on page 72.

Code of Conduct

CIB has always believed in creating an equal opportunity atmosphere for all bank employees, as we make clear in our Code of Conduct, which is provided to all employees. In addition to encouraging non-discriminatory practices our policies are also highly protective against any form of harassment and intimidation in the workplace. This is evident in our adoption of a whistle-blowing policy that provides the highest levels of confidentiality and indemnity when raising concerns about any irregularities.

Meeting Shareholder Expectations

CIB's Board is composed of eight non-executives and two executive directors. The diversity of backgrounds and experience among members presents distinct added value and characterizes the bank's culture.

The Board is regularly updated on bank activities and frequently assesses its performance against set strategic objectives to reinforce its commitment towards CIB's shareholders, customers, employees and socially responsible practices, prompt disclosure of financial and non-financial data is provided on regular basis.

CIB's well-established corporate governance policies, which ensure the independence of its compliance and risk functions, have demonstrated high levels of conformity with the new CBE Corporate Governance Guidelines for Egyptian Banks issued in 2011. You can read more about our Corporate Governance policies beginning on page 64 of this report.

Customers

CIB aims to achieve sustainability throughout the entire customer service cycle. Sustainability will be adopted in a number of products and services in various business lines, ranging from Microfinance to SME and Corporate Banking.

CIB's well-established corporate governance policies, which ensure the independence of its compliance and risk functions, have demonstrated high levels of conformity with the new CBE Corporate Governance Guidelines for Egyptian Banks issued in 2011.

In order to offer the best service experience to its customers, who are at the heart of its business, and to ensure their continuous satisfaction, CIB will continue to maintain sustainability and generate added value in the long term.

Customer Experience Management

Enhancing customer's journey continues to be our key driver in managing customer experience across all channels. Synergies are built to achieve success and excellence with focus on:

- Increasing Operational Excellence and Efficiency
- Customer Experience Management
- Capabilities Development

Our initiatives to integrate channels and back end operations has led to optimizing our services and improve customer satisfaction. Various processes are being re-engineered to exceed and improve processing efficiency and customer expectations. Service indicators and measurement tools are developed to advance our service delivery standards. Efficiency and indicators are being tracked to channelize our efforts in right areas to meet customer expectations. On-boarding unit is developed as part of strengthening our relationships with customers and improve customers journey. Staff capabilities are developed through tailored training programs to meet and address customer requirements and departmental level efficiency.

At CIB our key priority remains to ensure seamless and finest customer experience and journey for all services and interactions.

Corporate Banking

CIB is committed to continuously and significantly increase its facilities to a number of environmental friendly projects such as:

Water Waste Management: CIB supported Orasqualia, a joint venture established by OCI and Aqualia, with a 15-year Syndicate MTL amounting to USD 74 million to develop a Waste Water Treatment Plant in New Cairo.

The Bank also provided Green Valley Oil Services with an MTL amounting to USD 3 million to refinance machines purchased to perform water waste treatment services for the Rashid Petroleum Company, with a total investment cost of USD 8.7 million.

Agriculture Waste Management: CIB granted ENTAG with short-term financing amounting to EGP 55 million for the company's agricultural waste management projects and its supply of Biomass (used as an alternative fuel) project, with a total investment cost of USD 8.2 million.

Solar Energy: The Bank supplied Middle East Engineering & Telecommunications (MEET) with a short-term facility in the form of an EGP 15 million MPL, with a total investment cost of USD 2.3 million, to aid in its environmental sustainability projects.

CIB is also collaborating on Emaar Misr for Development's Mividia project, an initiative aimed at applying the use of solar energy for public street lighting in the suburb of New Cairo, as well as looking at ways to reduce carbon-dioxide emissions.

Electricity: CIB granted several of the electric utility companies' credit facilities to partially finance the construction of their thermal power plants. These transactions were co-financed by the World Bank and therefore conform to environmental regulations.

Petrochemical: CIB financed the construction and operations of several petrochemical projects, noting that customary financing terms include satisfaction of environmental regulations in addition to the appointment of an environmental consultant. Several petrochemical clients commenced social responsibility programs and comprehensively contributed to their respective local communities.

Business Banking

In recognition of the importance of developing the SME segment as a key pillar in sustainability, CIB is keen that the development of this sector takes place in an inclusive way. CIB Business Banking, which serves 2,675 enrolled companies with assets totaling EGP 714 million and a total of EGP 12 billion in liabilities as of September 2013, offered these companies both long-term and short term financing options through secured and unsecured lending products, in addition to helping them better manage their cash cycle.

In 2013, the department also conducted several deals with credit guarantee companies such as the Overseas Private Investment Corporation (OPIC). OPIC supports U.S. foreign policy objectives by encouraging development in regions that have experienced instability or conflict, yet offer promising growth opportunities. Moreover, they aim to improve the performance of SMEs in Egypt by providing medium to long term credit guarantee solutions to eligible investment projects.

This year also saw CIB Business Banking conduct two workshop events in both Cairo and Alexandria which were attended by CIB clients, the Business Banking team and several media agencies and outlets. These workshops were conducted to give CIB clients a chance to learn how to better represent themselves and their companies to banks and traverse the two-year socio-economic crisis here in Egypt. The crisis management sessions and business plan were presented by the Frankfurt School of Business and were well-received by CIB clients.

Going forward, many more projects and plans are being laid down for the coming year to support the SME sector and the country's economy.

Finance Programs and International Donor funds

CIB's positive impact on our community is evident in its support of continuous improvement of environment protection projects through its Finance Programs and International Donor Funds Division. This division manages agricultural development funds and credit lines provided by government entities and international agencies to small, medium and large scale agrarian businesses. It also manages a microfinance portfolio as well as environmentally friendly projects.

To date, CIB has disbursed 179,000 microfinance loans with a total outstanding portfolio of EGP 107 million.

Environmentally-friendly and Socially-conscious projects

Agricultural Development Program (ADP)

The Agricultural Development Program plays a major role in improving and supporting Egypt's agricultural sector and the associated supply chain. ADP also aims to raise awareness and improve access to finance for SMEs working in the agricultural business. The program looks to establish, expand and modernize these businesses primarily in the fields of post harvest activities, agricultural input supply and marketing.

Veterinary Service Program (VSP)

The Ministry of Agriculture and the European Commission (EC) collaborated in a program to improve the productivity of the livestock sector in Egypt. This program mainly aims to assist the Government of Egypt in improving the quality of animal health services and to encourage veterinarians to open their own businesses.

Buffalo Fattening Program (BFP)

This program is among the most important livestock programs in Egypt, as it plays an important role in improving the production and supply of red meat to the market. The program is a result of a joint effort between the Ministry of Agriculture and the USAID.

Environment Protection with KfW (Public Private Sector Project – PPSI)

CIB was among the first banks to participate in the environment protection program with the German Development Bank (KfW). The program targets both public and private enterprises and SMEs. Its main objective is to ensure that industrial firms and business enterprises have the proper technical assistance related to industrial pollution abatement technologies. This helps in reducing the emission loads in accordance with national standards.

Environmental Compliance Office Project (ECO)

This program — which comes under the purview of CIBs environmental compliance office project (ECO) — is funded through the Danish government and with coordination efforts being led by the Government of Egypt. This project helps firms and business enterprises in financing the purchasing of machines, equipment, construction works and designs required for projects which focus on environmental protection and energy efficiency.

Egyptian Pollution Abatement Project (EPAP II)

CIB also participates in the second pollution abatement project (EPAP II). This project provides a financial package to support public and private industries to improve their environmental status. This project is co-sponsored by the World Bank (WB), the European Investment Bank (EIB), the Japanese Bank for International Cooperation (JBIC), the French Development Agency (AFD), the European Commission (EC), the Government of Finland in addition to the Government of Egypt.

COMMUNITY DEVELOPMENT

Sustainability Progress 2013

The Sustainability Development Department started in January 2013 with an official charter approved on 1 March 2013. The department acts as the organizational focal point with various departments to understand the needs of the Bank and ensure the integration of sustainable principles into CIB's business practices.

Sustainability Governance

Sustainability Advisory Board:

The Sustainability Advisory Board, which was chartered in 14th of March 2013, acts on behalf of the Board in all sustainability-related efforts and concentrates on long-term value drivers that advance the twin objective of sustained success of the Bank. It approves CIB's sustainability framework, strategies, policies, international affiliations and memberships, and initiatives.

Sustainability Steering Committee:

The Sustainability Steering Committee is chaired by Dr. Nadia Makram Ebeid, and is composed of senior heads from various Bank departments. The committee meets at least once every quarter and as often as deemed necessary. Its main responsibilities are prioritization and review in addition to monitoring the implementation of sustainability initiatives consistent with CIB's corporate sustainability strategy.

Sustainability Development Department:

The Sustainability Development Department started in January 2013 with an official charter approved 1st March, 2013. The department acts as the organizational focal point with various departments to understand the needs of the Bank and ensure the integration of sustainable principles into CIB's business practices. The department is responsible for the development, monitoring and coordination of CIB's sustainability efforts including strategies, policies, systems, initiatives, quick wins including ongoing branding, training and reporting efforts.

Sustainability Green Teams:

At the first Steering Committee meeting in April 2013, 26 Green Team members were assigned and 11 more have since volunteered. Green Team members aspire to be CIB's environmental champions, ensuring Going Green awareness, recommendation of Quick Win ideas, and implementation of various sustainability initiatives across the Bank, as it relates to their existing jobs.

Social and Environmental Assessment Phase

In April 2013, CIB appointed an external consultant to assess the current social and environmental practices across the organization, and to assess CIB's current sustainability performance and building blocks. The Sustainability Department coordinated and managed 22 meetings for the consultant with 16 departments from all over the Bank, where the consultant

COMMUNITY DEVELOPMENT

In April 2013, CIB appointed an external consultant to assess the current social and environmental practices across the organization, and to assess CIB's current sustainability performance and building blocks.

came up with an assessment report and main strengths and gaps were identified. A Sustainability Assessment Report, including suggested steps for action, was prepared in July 2013. These findings form the basis on which CIB's Sustainability Framework Report and Roadmap were prepared.

Sustainability Framework

The framework represents the sustainability guideline for CIB. It articulates the Bank's strategic commitment to sustainable development, sets the foundation for the Bank's social and environmental risk management and is designed to ensure that sustainability is fully integrated across CIB's policies, processes and operations.

Sustainability Roadmap

The Roadmap identifies the necessary steps and milestones that have been set for the coming years to achieve CIB's short and long-term sustainability objectives. It highlights what needs to be implemented on the ground, including the development, monitoring, implementation responsibilities, and estimated time frames for key pillars namely, the Social and Environmental Management Systems (SEMS), the Direct Impact Management Plan (DIMP), Leadership for Energy and Environmental Design (LEED), alongside a sustainability Strategic Plan, Branding initiatives and Sustainability Reporting.

LEED

Leadership in Energy & Environmental Design (LEED) is a third-party certification program and an internationally accepted benchmark for the design, construction and operation of high performance green buildings.

Developed by the U.S. Green Building Council (USGBC), LEED is intended to help building owners and operators find and implement ways to be environmentally responsible and resource-efficient.

Since October 2013, an external LEED Expert is mandated to assess the possibility of turning the new smart village building into a LEED EBOM (Existing Buildings Operations and Maintenance) certified facility.

Sustainability Training

An ongoing training strategy is being prepared to institutionalize sustainability training at CIB. Raising awareness on sustainability will be included as an integral part of all ongoing training programs in the Bank. Several Sustainability Training sessions have been conducted since May by the Green Teams to raise awareness on Sustainability. Also, two Training of Trainers (ToT) sessions were conducted in June and September, where 20 instructors from various departments were trained on how to conduct the awareness sessions across the organization.

The development of social and environmental risk skills will be ensured through the selection of a specialized consultant of relevant experience to build, develop and deliver this training to cover all Credit and Risk staff. A total of 18 selected members from Business and Risk Groups attended a two-day workshop in September. It is anticipated that the attendees will play a pivotal role in the upcoming development of SEMS.

Beginning in October, 24 staff sustainability awareness sessions were conducted, covering the Strategic Relations, Operations, IT, Human Resource and Call Center departments within the two Smart Village buildings. Also, nine awareness sessions were conducted targeting employees in the Delta and Alexandria region. To date, 780 employees have participated in these sessions.

Quick Wins

Our exciting sustainability journey inspired us to identify a number of Quick Win projects that were shared with and approved by the Sustainability Steering Committee. Some of these are internal Quick Wins, engaging several departments, namely Corporate Services, Premises Projects and Branding. Others represent full-fledged projects undertaken through external vendors after tendering processes.

Implementation of these projects ensures active staff involvement and green teams participation in sustainability initiatives. These pragmatic activities bring sustainability into focus on the individual level by connecting the impact of everyday actions at work with sustainability at home and vice versa and encourage employees to bring their positive personal sustainability behaviors into the workplace.

Landscaping: In July, the front green area of the Smart Village building was planted with low-water consumption plants to provide an appealing sustainable landscape, and to contribute to building environmental awareness.

Rooftop Garden: In June 2013 the rooftop garden was developed on the top floor of the new Smart Village building, where fresh and organic vegetables and fruits are grown for home use. The rationale is to create a relaxing and healthy work environment where employees could take breaks and host events while promoting CIB's green image.

Smoke Free Environment: The Smart Village building has been fully non-smoking since October. Almost all corporate office buildings in Cairo were designated as non-smoking buildings beginning in early November 2013.

Green Wall: A 21-square-meter living green wall has been fully developed in the new Smart Village building lobby in August 2013. The initiative improves air quality in the building, uses water-efficient technology and reduces the amount of energy used to maintain a cool temperature within the building.

Awareness and Communication

Sustainability at CIB is communicated internally through a periodic Sustainability Newsletter and an organizational intranet site. The site will act as a communication platform to inform staff about the sustainability initiative, the roles of the sustainability development department and the green teams, green news, and eco-facts.

Constructed by the Ptolomies the mid-third century BC, the original Lighthouse of Alexandria guided merchant ships safely into harbor for centuries before it was damaged by a series of earthquakes and abandoned in the 14th Century of our era.

FINANCIAL STATEMENTS

Allied for Accounting & Auditing E&Y
Public accountants & consultants

KPMG Hazem Hassan
Public accountants & consultants

AUDITORS' REPORT

To the Shareholders of
Commercial International Bank (Egypt)

Report on the separate financial statements

We have audited the accompanying separate financial statements of Commercial International Bank (Egypt) S.A.E. which comprise the separate balance sheet as at 31 December 2013 , and the separate statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the separate Financial Statements

These separate financial statements are the responsibility of Bank's management. Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation & the financial statements, issued on December 16, 2008 and in light of the prevailing Egyptian laws , management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the separate financial statements.

Allied for Accounting & Auditing E&Y
Public accountants & consultants

KPMG Hazem Hassan
Public accountants & consultants

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of Commercial International Bank (Egypt) as of December 31, 2013 and of its financial performance and its cash flows for the year then ended in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation & the financial statements, issued on December 16, 2008 and the Egyptian laws and regulations relating to the preparation of these financial statements.

Report on Other Legal and Regulatory Requirements

According to the information and explanations given to us – during the financial year ended December 31, 2013 no contravention of the central bank, banking and monetary institution law No. 88 of 2003.

The Bank maintains proper books of account, which include all that is required by law and by the statutes of the bank, the separate financial statements are in agreement thereto.

The separate financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Bank's books of account.

Auditors

Emad Hafez Ragheb
Egyptian Financial Supervisory Authority
Register Number "42"
Allied For Accounting & Auditing E & Y
Public Accountants & Consultants

Mostafa Hassan Farrag
Egyptian Financial Supervisory Authority
Register Number "99"
KPMG Hazem Hassan
Public Accountants & Consultants

Cairo, 11 February 2014

Commercial International Bank (Egypt) S.A.E

Separate balance sheet as at December 31, 2013

	Notes	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Cash and balances with Central Bank	15	4,796,240,354	5,393,974,124
Due from banks	16	8,893,670,965	7,957,710,034
Treasury bills and other governmental notes	17	23,654,812,174	7,978,030,413
Trading financial assets	18	2,246,347,806	1,472,281,763
Loans and advances to banks	19	132,422,732	1,178,867,739
Loans and advances to customers	20	41,837,951,712	40,698,313,773
Derivative financial instruments	21	103,085,538	137,459,761
Financial investments			
- Available for sale	22	23,363,501,695	21,161,884,032
- Held to maturity	22	4,187,173,991	4,205,753,328
Investments in subsidiary and associates	23	599,276,660	938,033,700
Investment property	24	9,695,686	10,395,686
Other assets	25	2,879,794,496	2,459,025,844
Deferred tax	33	83,755,441	129,133,209
Property, plant and equipment	26	964,538,516	684,527,896
Total assets		**113,752,267,766**	**94,405,391,302**
Liabilities and equity			
Liabilities			
Due to banks	27	1,373,410,040	1,714,862,716
Due to customers	28	96,940,270,000	78,834,726,890
Derivative financial instruments	21	114,878,583	119,099,260
Other liabilities	30	2,625,755,491	2,034,351,571
Long term loans	29	132,153,227	80,495,238
Other provisions	31	450,755,558	310,648,113
Total liabilities		**101,637,222,899**	**83,094,183,788**
Equity			
Issued and paid in capital	32	9,002,435,690	5,972,275,410
Reserves	32	307,223,285	2,970,458,093
Reserve for employee stock ownership plan (ESOP)		190,260,457	164,761,121
Retained earnings (losses)		-	1,001,979
Total equity		**9,499,919,432**	**9,108,496,603**
Net profit for the year after tax		2,615,125,435	2,202,710,911
Total equity and net profit for year		**12,115,044,867**	**11,311,207,514**
Total liabilities and equity		**113,752,267,766**	**94,405,391,302**
Contingent liabilities and commitments			
Letters of credit, guarantees and other commitments	37	**16,182,489,160**	**14,897,789,005**

The accompanying notes are an integral part of these financial statements.

Hisham Ezz El-Arab
Chairman and Managing Director

Commercial International Bank (Egypt) S.A.E

Separate income statement for the year ended December 31, 2013

	Notes	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Interest and similar income		9,509,874,663	7,845,913,494
Interest and similar expense		(4,460,113,281)	(3,945,237,550)
Net interest income	6	**5,049,761,382**	**3,900,675,944**
Fee and commission income		1,316,916,389	942,867,320
Fee and commission expense		(127,965,091)	(107,365,742)
Net fee and commission income	7	**1,188,951,298**	**835,501,578**
Dividend income	8	19,803,451	32,234,196
Net trading income	9	759,972,323	565,727,965
Profit (Losses) from financial investments	22	(381,156,748)	(116,514,246)
Administrative expenses	10	(1,726,520,973)	(1,444,645,467)
Other operating (expenses) income	11	(155,016,845)	(109,790,791)
Impairment (charge) release for credit losses	12	(915,581,874)	(609,971,077)
Profit before income tax		**3,840,212,014**	**3,053,218,102**
Income tax expense	13	(1,179,708,811)	(884,498,673)
Deferred tax	33 & 13	(45,377,768)	33,991,482
Net profit for the year		**2,615,125,435**	**2,202,710,911**
Earning per share	14		
Basic		2.67	2.34
Diluted		2.63	2.31

Hisham Ezz El-Arab
Chairman and Managing Director

Commercial International Bank (Egypt) S.A.E

Separate cash flow for the year ended December 31, 2013

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Cash flow from operating activities		
Profit before income tax	3,840,212,014	3,053,218,102
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	202,345,252	167,225,901
Impairment charge for credit losses	915,581,874	609,971,077
Other provisions charges	129,104,495	51,616,932
Trading financial investments revaluation differences	17,695,722	(78,642,848)
Available for sale and held to maturity investments exchange revaluation differences	(124,230,792)	(60,242,239)
Financial investments impairment charge (release)	(6,267,555)	7,902,478
Utilization of other provisions	(5,633,785)	(12,294,615)
Other provisions no longer used	(141,521)	(531,054)
Exchange differences of other provisions	16,778,256	7,230,941
Profits from selling property, plant and equipment	(740,692)	(2,387,583)
Profits from selling financial investments	(1,656,257)	(519,013)
Shares based payments	89,181,563	79,068,829
Investments in subsidiary and associates revaluation	346,284,340	89,736,000
Real estate investments impairment charges (release)	-	(371,000)
Operating profits before changes in operating assets and liabilities	**5,418,512,914**	**3,910,981,908**
Net decrease (increase) in assets and liabilities		
Due from banks	(642,434,022)	521,695,379
Treasury bills and other governmental notes	(9,149,658,764)	758,289,224
Trading financial assets	(791,761,765)	(832,554,642)
Derivative financial instruments	30,153,546	13,896,165
Loans and advances to banks and customers	(1,008,774,806)	(1,421,772,116)
Other assets	(382,561,576)	(948,385,056)
Due to banks	(341,452,676)	(1,625,931,801)
Due to customers	18,105,543,110	7,260,679,360
Other liabilities	(588,304,891)	(163,932,538)
Net cash provided from operating activities	**10,649,261,070**	**7,472,965,883**
Cash flow from investing activities		
Purchase of subsidiary and associates	(7,527,300)	(32,173,922)
Purchases of property, plant and equipment	(519,822,256)	(204,721,832)
Redemption of held to maturity financial investments	18,579,337	-
Purchases of held to maturity financial investments	-	(4,176,660,408)
Purchases of available for sale financial investments	(7,463,491,687)	(10,163,193,809)
Proceeds from selling available for sale financial investments	4,520,053,768	5,343,312,219
Proceeds from selling real estate investments	700,000	2,750,000
Net cash generated from (used in) investing activities	**(3,457,373,543)**	**(9,270,719,274)**
Cash flow from financing activities		
Increase (decrease) in long term loans	51,657,989	(18,838,138)
Dividend paid	(1,055,843,165)	(806,206,521)
Capital increase	29,348,380	37,712,420
Net cash generated from (used in) financing activities	**(974,836,796)**	**(787,332,239)**
Net increase (decrease) in cash and cash equivalent during the year	6,222,916,136	(2,545,054,108)
Beginning balance of cash and cash equivalent	5,536,080,094	8,081,134,203

Commercial International Bank (Egypt) S.A.E

Separate cash flow for the year ended December 31, 2013 (Cont.)

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Cash and cash equivalent at the end of the year	**11,758,996,230**	**5,536,080,095**
Cash and cash equivalent comprise:		
Cash and balances with Central Bank	4,796,240,354	5,393,974,124
Due from banks	8,893,670,965	7,957,710,034
Treasury bills and other governmental notes	23,654,812,174	7,978,030,413
Obligatory reserve balance with CBE	(3,224,658,841)	(3,093,283,199)
Due from banks (time deposits) more than three months	(5,148,331,397)	(4,637,273,016)
Treasury bills with maturity more than three months	(17,212,737,025)	(8,063,078,261)
Total cash and cash equivalent	**11,758,996,230**	**5,536,080,095**

Commercial International Bank (Egypt) S.A.E

Separate statement of changes in shareholders' equity for the year ended on December 31, 2013

Dec. 31, 2013	Capital	Legal reserve	General reserve	Retained earnings (losses)	Special reserve	Reserve For A.F.S investments revaluation diff.	Banking risks reserve	Net profit for the year	Reserve for employee stock ownership plan	Total
Beginning balance	**5,972,275,410**	**380,348,755**	**2,037,107,372**	**1,001,979**	**117,805,566**	**153,506,781**	**103,716,932**	**2,380,683,598**	**164,761,121**	**11,311,207,514**
Capital increase	3,030,160,280	-	(3,000,811,900)	-	-	-	-	-	-	29,348,380
Transferred to reserves	-	110,016,166	1,277,120,890	-	2,387,583	-	-	(1,325,842,412)	(63,682,227)	-
Dividend paid	-	-	-	(1,001,979)	-	-	-	(1,054,841,186)	-	(1,055,843,165)
Net profit of the year	-	-	-	-	-	-	-	2,615,125,435	-	2,615,125,435
Transfer from special reserve	-	-	92,826,390	-	(92,826,390)	-	-	-	-	-
Net change at fair value of AFS financial investment	-	-	-	-	-	(873,974,860)	-	-	-	(873,974,860)
Transferred (from) to bank risk reserve	-	-	-	-	-	-	(101,726,176)	101,726,176	-	-
Reserve for employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	89,181,563	89,181,563
Balance at the end of the year	**9,002,435,690**	**490,364,921**	**406,242,752**	**-**	**27,366,759**	**(720,468,079)**	**1,990,756**	**2,716,851,611**	**190,260,457**	**12,115,044,867**

FINANCIAL STATEMENTS: SEPARATE

Commercial International Bank (Egypt) S.A.E

Separate statement of changes in shareholders' equity for the year ended on December 31, 2012

Dec. 31, 2012	Capital	Legal reserve	General reserve	Retained earnings (losses)	Special reserve	Reserve For A.F.S investments revaluation diff.	Banking risks reserve	Net profit for the year	Reserve for employee stock ownership plan	Total
Beginning balance	**5,934,562,990**	**231,344,896**	**1,234,274,960**	**15,105,920**	**185,931,315**	**(723,070,818)**	**281,689,619**	**1,624,150,975**	**137,354,419**	**8,921,344,275**
Capital increase	37,712,420	-	-	-	-	-	-	-	-	37,712,420
Transferred to reserves	-	87,306,567	794,689,187	-	2,716,747	-	-	(833,050,374)	(51,662,127)	-
Dividend paid	-	-	-	(15,105,920)	-	-	-	(791,100,601)	-	(806,206,521)
Net profit of the year	-	-	-	-	-	-	-	2,202,710,911	-	2,202,710,911
Transfer from special reserve	-	61,697,292	8,143,225	1,001,979	(70,842,496)	-	-	-	-	-
Net change at fair value of AFS financial investment	-	-	-	-	-	876,577,599	-	-	-	876,577,599
Transferred (from) to bank risk reserve	-	-	-	-	-	-	(177,972,687)	177,972,687	-	-
Reserve for employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	79,068,829	79,068,829
Balance at the end of the year	**5,972,275,410**	**380,348,755**	**2,037,107,372**	**1,001,979**	**117,805,566**	**153,506,781**	**103,716,932**	**2,380,683,598**	**164,761,121**	**11,311,207,514**

Notes to the consolidated financial statements for the year ended on December 31, 2013

1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 125 branches, and 27 units employing 5193 employees on the balance sheet date.

Commercial International Bank (Egypt) S.A.E. was formed as a commercial bank under the investment law no. 43 of 1974. The address of its registered head office is as follows: Nile tower, 21/23 Charles de Gaulle Street-Giza. The Bank is listed in the Egyptian stock exchange.

2. Summary of accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1. Basis of preparation

The separate financial statements have been prepared in accordance with Egyptian financial reporting standards issued in 2006 and its amendments and in accordance with the Central Bank of Egypt regulations approved by the Board of Directors on December 16, 2008.

The separate financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities classified as trading or held at fair value through profit or loss, available for sale investment and all derivatives contracts.

The separate and consolidated financial statements of the Bank and its subsidiaries have been prepared in accordance with the relevant domestic laws and the Egyptian financial reporting standards, the affiliated companies are entirely included in the consolidated financial statements and these companies are the companies that the Bank - directly or indirectly – has more than half of the voting rights or has the ability to control the financial and operating policies, regardless of the type of activity, the Bank's consolidated financial statements can be obtained from the Bank's management. The Bank accounts for investments in subsidiaries and associate companies in the separate financial statements at cost minus impairment loss.

The separate financial statements of the Bank should be read with its consolidated financial statements, for the period ended on December 31, 2013 to get complete information on the Bank's financial position, results of operations, cash flows and changes in ownership rights.

2.2. Subsidiaries and associates

2.2.1 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Bank has owned directly or indirectly the control to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank has the ability to control the entity or not.

2.2.2 Associates

Associates are all entities over which the Bank has significant influence but do not reach to the extent of control, generally accompanying a shareholding between 20% and 50% of the voting rights.

The acquisition method of accounting is used to account for the purchase of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed, plus any costs directly related to the acquisition. The excess of the cost of an acquisition over the Bank share of the fair value of the identifiable net assets acquired is recorded as goodwill. A gain on acquisition is recognized in profit or loss if there is an excess of the Bank's share of the fair value of the identifiable net assets acquired over the cost of the acquisition.

The cost method is applied to account for investments in subsidiaries and associates, whereby, investments are recorded based on the acquisition cost including any goodwill, deducting any impairment losses, and dividends are recorded in the income statement in the adoption of the distribution of these profits and evidence of the Bank right to collect them.

2.3. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

2.4. Foreign currency translation

2.4.1. Functional and presentation currency

The financial statements are presented in Egyptian pound, which is the Bank's functional and presentation currency.

2.4.2. Transactions and balances in foreign currencies

The Bank maintains its accounting records in Egyptian pound. Transactions in foreign currencies during the period are translated into the Egyptian pound using the prevailing exchange rates on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the end of reporting period at the prevailing exchange rates. Foreign exchange gains and losses resulting from settlement and translation of such transactions and balances are recognized in the income statement and reported under the following line items:

- Net trading income from held-for-trading assets and liabilities.
- Other operating revenues (expenses) from the remaining assets and liabilities.

Changes in the fair value of investments in debt instruments; which represent monetary financial instruments, denominated in foreign currencies and classified as available for sale assets are analyzed into valuation differences resulting from changes in the amortized cost of the instrument, differences resulting from changes in the applicable exchange rates and differences resulting from changes in the fair value of the instrument.

Valuation differences resulting from changes in the amortized cost are recognized and reported in the income statement in 'income from loans and similar revenues' whereas differences resulting from changes in foreign exchange rates are recognized and reported in 'other operating revenues (expenses)'. The remaining differences resulting from changes in fair value are deferred in equity and accumulated in the 'revaluation reserve of available-for-sale investments'.

Valuation differences resulting from the non-monetary items include gains and losses of the change in fair value of such equity instruments held at fair value through profit and loss, as for recognition of the differences of valuation resulting from equity instruments classified as financial investments available for sale within the fair value reserve in equity.

2.5. Financial assets

The Bank classifies its financial assets in the following categories:

- Financial assets designated at fair value through profit or loss.
- Loans and receivables.
- Held to maturity investments.
- Available for sale financial investments.

Management determines the classification of its investments at initial recognition.

2.5.1. Financial assets at fair value through profit or lossThis category has two sub-categories:

- Financial assets held for trading.
- Financial assets designated at fair value through profit and loss at inception.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the short term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit making. Derivatives are also categorized as held for trading unless they are designated as hedging instruments.

Financial instruments, other than those held for trading, are classified as financial assets designated at fair value through profit and loss if they meet one or more of the criteria set out below:

- When the designation eliminates or significantly reduces measurement and recognition inconsistencies that would arise from measuring financial assets or financial liabilities, on different bases. Under this criterion, an accounting mismatch would arise if the debt securities issued were accounted for at amortized cost, because the related derivatives are measured at fair value with changes in the fair value recognized in the income statement. The main classes of financial instruments designated by the Bank are loans and advances and long-term debt issues.
- Applies to groups of financial assets, financial liabilities or combinations thereof that are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy, and where information about the groups of financial instruments is reported to management on that basis.
- Relates to financial instruments containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments, including certain debt issues and debt securities held.

Any financial derivative initially recognized at fair value can't be reclassified during the holding period. Re-classification is not allowed for any financial instrument initially recognized at fair value through profit and loss.

2.5.2. Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the Bank intends to sell immediately or in the short term, which is classified as held for trading, or those that the Bank upon initial recognition designates as at fair value through profit and loss.

- Those that the Bank upon initial recognition designates and available for sale; or
- Those for which the holder may not recover substantially all of its initial investment, other than credit deterioration.

2.5.3. Held to maturity financial investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold till maturity. If the Bank has to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available for sale unless in necessary cases subject to regulatory approval.

2.5.4. Available for sale financial investments

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.
The following are applied in respect to all financial assets:

Debt securities and equity shares intended to be held on a continuing basis, other than those designated at fair value, are classified as available-for-sale or held-to-maturity. Financial investments are recognized on trade date, when the group enters into contractual arrangements with counterparties to purchase securities.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or when the Bank transfers substantially all risks and rewards of the ownership. Financial liabilities are derecognized when they are extinguished, that is, when the obligation is discharged, cancelled or expired.

Available-for-sale, held–for-trading and financial assets designated at fair value through profit and loss are subsequently measured at fair value. Loans, receivables and held-to-maturity investments are subsequently measured at amortized cost.

Gains and losses arising from changes in the fair value of the 'financial assets designated at fair value through profit or loss' are recognized in the income statement in 'net income from financial instruments designated at fair value'. Gains and losses arising from changes in the fair value of available for sale investments are recognized directly in equity, until the financial assets are either sold or become impaired. When available-for-sale financial assets are sold, the cumulative gain or loss previously recognized in equity is recognized in profit or loss.

Interest income is recognized on available for sale debt securities using the effective interest method, calculated over the asset's expected life. Premiums and discounts arising on the purchase are included in the calculation of effective interest rates. Dividends are recognized in the income statement when the right to receive payment has been established.

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, or no current demand prices available the Bank measures fair value using valuation models. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation models commonly used by market participants. If the Bank has not been able to estimate the fair value of equity instruments classified available for sale, value is measured at cost less any impairment in value.

Available for sale investments that would have met the definition of loans and receivables at initial recognition may be reclassified out to loans and advances or financial assets held to maturity. In all cases, when the Bank has the intent and ability to hold these financial assets in the foreseeable future or till maturity. The financial asset is reclassified at its fair value on the date of reclassification, and any profits or losses that have been recognized previously in equity, are treated based on the following:

- If the financial asset has a fixed maturity, gains or losses are amortized over the remaining life of the investment using the effective interest rate method. In case of subsequent impairment of the financial asset, the previously recognized unrealized gains or losses in equity are recognized directly in the profits and losses.
- In the case of financial asset which has infinite life, any previously recognized profit and loss in equity will remain until the sale of the asset or its disposal, in the case of impairment of the value of the financial asset after the re-classification, any gain or loss previously recognized in equity is recycled to the profits and losses.
- If the Bank adjusts its estimates of payments or receipts of a financial asset that in return adjusts the carrying amount of the asset (or group of financial assets) to reflect the actual cash inflows, the carrying value is recalculated based on the present value of estimated future cash flows at the effective yield of the financial instrument and the differences are recognized in profit and loss.
- In all cases, if the Bank re-classifies financial asset in accordance with the above criteria and increases its estimate of the proceeds of future cash flow, this increase adjusts the effective interest rate of this asset only without affecting the investment book value.

2.6. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to offset the recognized amounts and there is an intention to be settled on a net basis.

Agreements of repos & reverse repos are shown by the net in the financial statement in treasury bills and other governmental notes.

2.7. Derivative financial instruments and hedge accounting

Derivatives are recognized initially, and subsequently, at fair value. Fair values of exchange traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including discounted cash flow models and option pricing models. Derivatives are classified as assets when their fair value is positive and as liabilities when their fair value is negative.

Embedded derivatives in other financial instruments, such as conversion option in a convertible bond, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, provided that the host contract is not classified as at fair value through profit and loss. These embedded derivatives are measured at fair value with changes in fair value recognized in income statement unless the Bank chooses to designate the hybrid contract as at fair value through net trading income through profit and loss.

The timing method of recognition in profit and loss, of any gains or losses arising from changes in the fair value of derivatives, depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. The Bank designates certain derivatives as:

- Hedging instruments of the risks associated with fair value changes of recognized assets or liabilities or firm commitments (fair value hedge).
- Hedging of risks relating to future cash flows attributable to a recognized asset or liability or a highly probable forecast transaction (cash flow hedge)
- Hedge accounting is used for derivatives designated in a hedging relationship when the following criteria are met.

At the inception of the hedging relationship, the Bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge, and on ongoing basis, the Bank documents whether the hedging instrument is expected to be highly effective in offsetting changes in fair values of the hedged item attributable to the hedged risk.

At the inception of the hedge, and on ongoing basis, the Bank documents whether the hedging instrument is expected to be highly effective in offsetting changes in fair values of the hedged item attributable to the hedged risk.

2.7.1. Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recognized in profit and loss immediately together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. The effective portion of changes in the fair value of the interest rate swaps and the changes in the fair value of the hedged item attributable to the hedged risk are recognized in the 'net interest income' line item of the income statement. Any ineffectiveness is recognized in profit and loss in 'net trading income'.

When the hedging instrument is no longer qualified for hedge accounting, the adjustment to the carrying amount of a hedged item, measured at amortized cost, arising from the hedged risk is amortized to profit and loss from that date using the effective interest method.

2.7.2. Derivatives that do not qualify for hedge accounting

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognized immediately in the income statement. These gains and losses are reported in 'net trading income', except where derivatives are managed in conjunction with financial instruments designated at fair value , in which case gains and losses are reported in 'net income from financial instruments designated at fair value'.

2.8. Interest income and expense

Interest income and expense for all financial instruments except for those classified as held-for-trading or designated at fair value are recognized in 'interest income' and 'interest expense' in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that represents an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once loans or debts are classified as nonperforming or impaired, the revenue of interest income will not be recognized and will be recorded off balance sheet, and are recognized as income subsequently based on a cash basis according to the following:

- When all arrears are collected for consumer loans, personnel mortgages and micro-finance loans.
- When calculated interest for corporate are capitalized according to the rescheduling agreement conditions until paying 25% from rescheduled payments for a minimum performing period of one year, if the customer continues to perform, the calculated interest will be recognized in interest income (interest on the performing rescheduling agreement balance) without the marginalized before the rescheduling agreement which will be recognized in interest income after the settlement of the outstanding loan balance.

2.9. Fee and commission income

Fees charged for servicing a loan or facility that is measured at amortized cost, are recognized as revenue as the service is provided. Fees and commissions on non-performing or impaired loans or receivables cease to be recognized as income and are rather recorded off balance sheet. These are recognized as revenue, on a cash basis, only when interest income on those loans is recognized in profit and loss, at that time, fees and commissions that represent an integral part of the effective interest rate of a financial asset, are treated as an adjustment to the effective interest rate of that financial asset.

Commitment fees and related direct costs for loans and advances where draw down is probable are deferred and recognized as an adjustment to the effective interest on the loan once drawn. Commitment fees in relation to facilities where draw down is not probable are recognized at the maturity of the term of the commitment.

Fees are recognized on the debt instruments that are measured at fair value through profit and loss on initial recognition and syndicated loan fees received by the Bank are recognized when the syndication has been completed and the Bank does not hold any portion of it or holds a part at the same effective interest rate used for the other participants portions.

Commission and fee arising from negotiating, or participating in the negotiation of a transaction for a third party such as the arrangement of the acquisition of shares or other securities and the purchase or sale of properties are recognized upon completion of the underlying transaction in the income statement .

Other management advisory and service fees are recognized based on the applicable service contracts, usually on accrual basis. Financial planning fees related to investment funds are recognized steadily over the period in which the service is provided. The same principle is applied for wealth management; financial planning and custody services that are provided on the long term are recognized on the accrual basis also.

2.10. Dividend income

Dividends are recognized in the income statement when the right to collect it is declared.

2.11. Sale and repurchase agreements

Securities may be lent or sold according to a commitment to repurchase (Repos) are reclassified in the financial statements and deducted from treasury bills balance. Securities borrowed or purchased according to a commitment to resell them (Reverse Repos) are reclassified in the financial statements and added to treasury bills balance. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest rate method.

2.12. Impairment of financial assets

2.12.1. Financial assets carried at amortised cost

The Bank assesses on each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event/s') and that loss event/s has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

- Cash flow difficulties experienced by the borrower (e.g, equity ratio, net income percentage of sales).
- Violation of the conditions of the loan agreement such as non-payment.
- Initiation of bankruptcy proceedings.
- Deterioration of the borrower's competitive position.
- The Bank for reasons of economic or legal financial difficulties of the borrower by granting concessions may not agree with the Bank granted in normal circumstances.
- Deterioration in the value of collateral or deterioration of the creditworthiness of the borrower.

The objective evidence of impairment loss for a group of financial assets is observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, for instance an increase in the default rates for a particular banking product.

The Bank estimates the period between a losses occurring and its identification for each specific portfolio. In general, the periods used vary between three months to twelve months.

- The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant and in this field the following are considered:
- If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment according to historical default ratios.
- If the Bank determines that an objective evidence of financial asset impairment exist that is individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. If a loan or held to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract when there is objective evidence for asset impairment. As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

For the purposes of evaluation of impairment for a group of a financial assets according to historical default ratios future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Bank and historical loss experience for assets with credit risk characteristics similar to those in the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should be reflected together with changes in related observable data from period to period (e.g. changes in unemployment rates, property prices, payment status, or other indicative factors of changes in the probability of losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank.

2.12.2. Available for sale investments

The Bank assesses on each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets classify under available for sale is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether

the assets are impaired. During periods start from first of January 2009, the decrease consider significant when it became 10% from the book value of the financial instrument and the decrease consider to be extended if it continues for period more than 9 months, and if the mentioned evidences become available then any cumulative gains or losses previously recognized in equity are recognized in the income statement , in respect of available for sale equity securities, impairment losses previously recognized in profit and loss are not reversed through the income statement.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the income statement to the extent of previously recognized impairment charge from equity to income statement.

2.13. Real estate investments

The real estate investments represent lands and buildings owned by the Bank in order to obtain rental returns or capital gains and therefore do not include real estate assets which the Bank exercised its work through or those that have owned by the Bank as settlement of debts. The accounting treatment is the same used with property, plant and equipment.

2.14. Property, plant and equipment

Lands and buildings comprise mainly branches and offices. All property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their residual values over estimated useful lives, as follows:

Buildings	20 years.
Leasehold improvements	3 years, or over the period of the lease if less
Furniture and safes	5 years.
Typewriters, calculators and air-conditions	8 years
Transportations	5 years
Computers and core systems	3/10 years
Fixtures and fittings	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, on each balance sheet date. Depreciable assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered. An asset's carrying amount is written down immediately to its recoverable value if the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing the selling proceeds with the asset carrying amount and charged to other operating expenses in the income statement.

2.15. Impairment of non-financial assets

Assets that have an indefinite useful life are not amortized -except goodwill- and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Assets are tested for impairment with reference to the lowest level of cash generating unit(s). A previously recognized impairment loss relating to a fixed asset may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset will only be increased up to the amount that the original impairment not been recognized.

2.16. Leases

The accounting treatment for the finance lease is complied with law 95/1995, if the contract entitles the lessee to purchase the asset at a specified date and predefined value, or the current value of the total lease payments representing at least 90% of the value of the asset. The other leases contracts are considered operating leases contracts.

2.16.1. Being lessee

Finance lease contract recognizes the lease cost, including the cost of maintenance of the leased assets in the income statement for the period in which they occurred. If the Bank decides to exercise the right to purchase the leased asset the leased assets are capitalized and included in 'property, plant and equipment' and depreciated over the useful life of the expected remaining life of the asset in the same manner as similar assets.
Operating lease payments leases are accounted for on a straight-line basis over the periods of the leases and are included in 'general and administrative expenses'.

2.16.2. Being lessor

For finance lease, assets are recorded in the property, plant and equipment in the balance sheet and amortized over the expected useful life of this asset in the same manner as similar assets. Lease income is recognized on the basis of rate of return on the lease in addition to an amount corresponding to the cost of depreciation for the period. The difference between the recognized rental income and the total finance lease clients' accounts is transferred to the in the income statement until the expiration of the lease to be reconciled with a net book value of the leased asset. Maintenance and insurance expenses are charged to the income statement when incurred to the extent that they are not charged to the tenant.

In case there is objective evidence that the Bank will not be able to collect the of financial lease obligations, the finance lease payments are reduced to the recoverable amount.

For assets leased under operating lease it appears in the balance sheet under property, plant and equipment, and depreciated over the expected useful life of the asset in the same way as similar assets, and the lease income recorded less any discounts given to the lessee on a straight-line method over the contract period.

2.17. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

2.18. Other provisions

Provisions for restructuring costs and legal claims are recognized when the Bank has present legal or constructive obligations as a result of past events; where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

In case of similar obligations, the related cash outflow should be determined in order to settle these obligations as a group. The provision is recognized even in case of minor probability that cash outflow will occur for an item of these obligations.

When a provision is wholly or partially no longer required, it is reversed through profit or loss under other operating income (expenses).

Provisions for obligations, other than those for credit risk or employee benefits, due within more than 12 months from the balance sheet date are recognized based on the present value of the best estimate of the consideration required to settle the present obligation on the balance sheet date. An appropriate pretax discount rate that reflects the time value of money is used to calculate the present value of such provisions. For obligations due within less than twelve months from the balance sheet date, provisions are calculated based on undiscounted expected cash outflows unless the time value of money has a significant impact on the amount of provision, then it is measured at the present value.

2.19. Share based payments

The Bank applies an equity-settled, share-based compensation plan. The fair value of equity instruments recognized as an expense over the vesting period using appropriate valuation models, taking into account the terms and conditions upon which the equity instruments were granted. The vesting period is the period during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied. Vesting conditions include service conditions, performance conditions and market performance conditions are taken into account when estimating the fair value of equity instruments on the date of grant. On each balance sheet date the number of options that are expected to be exercised are estimated. Recognizes estimate changes, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.20. Income tax

Income tax on the profit and loss for the period and deferred tax are recognized in the income statement except for income tax relating to items of equity that are recognized directly in equity.

Income tax is recognized based on net taxable profit using the tax rates applicable on the date of the balance sheet in addition to tax adjustments for previous years.

Deferred taxes arising from temporary time differences between the book value of assets and liabilities are recognized in accordance with the principles of accounting and value according to the foundations of the tax, this is determining the value of deferred tax on the expected manner to realize or settle the values of assets and liabilities, using tax rates applicable on the date of the balance sheet.

Deferred tax assets of the Bank recognized when there is likely to be possible to achieve profits subject to tax in the future to be possible through to use that asset, and is reducing the value of deferred tax assets with part of that will come from tax benefit expected during the following years, that in the case of expected high benefit tax, deferred tax assets will increase within the limits of the above reduced.

2.21. Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost also any difference between proceeds net of transaction costs and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

2.22. Dividends

Dividends on ordinary shares and profit sharing are recognized as a charge of equity upon the general assembly approval. Profit sharing includes the employees' profit share and the Board of Directors' remuneration as prescribed by the Bank's articles of incorporation and the corporate law.

2.23. Comparatives

Comparative figures have been adjusted to conform with changes in the presentation of the current period where necessary.

3. Financial risk management

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and rewards and minimize potential adverse effects on the Bank's financial performance. The most important types of financial risks are credit risk, market risk, liquidity risk and other operating risks. Also market risk includes exchange rate risk, rate of return risk and other prices risks.

The Bank's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by risk department under policies approved by the Board of Directors. Bank treasury identifies, evaluates and hedges financial risks in close co-operation with the Bank's operating units.

The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, credit risk management is responsible for the independent review of risk management and the control environment.

3.1. Credit risk

The Bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Bank by failing to discharge an obligation. Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in loans and advances, debt securities and other bills. There is also credit risk in off-balance sheet financial arrangements such as loan commitments. The credit risk management and control are centralized in a credit risk management team in bank treasury and reported to the Board of Directors and head of each business unit regularly.

3.1.1. Credit risk measurement

3.1.1.1. Loans and advances to banks and customers

In measuring credit risk of loans and facilities to banks and customers at a counterparty level, the Bank reflects three components (i) the 'probability of default' by the client or counterparty on its contractual obligations (ii) current exposures to the counterparty and its likely future development, from which the Bank derive the 'exposure at default'; and (iii) the likely recovery ratio on the defaulted obligations (the 'loss given default').

These credit risk measurements, which reflect expected loss (the 'expected loss model') are required by the Basel committee on banking regulations and the supervisory practices (the Basel committee), and are embedded in the Bank's daily operational management. The operational measurements can be contrasted with impairment allowances required under EAS 26, which are based on losses that have been incurred on the balance sheet date (the 'incurred loss model') rather than expected losses (note 3.1).

The Bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgment and are validated, where appropriate. Clients of the Bank are segmented into four rating classes. The Bank's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The Bank regularly validates the performance of the rating and their predictive power with regard to default events.

Bank's rating	*description of the grade*
1	performing loans
2	regular watching
3	watch list
4	non-performing loans

Loss given default or loss severity represents the Bank expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure and typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit mitigation.

3.1.1.2. Debt instruments and treasury and other bills

For debt instruments and bills, external rating such as standard and poor's rating or their equivalents are used for managing of the credit risk exposures, and if this rating is not available, then other ways similar to those used with the credit customers are uses. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

3.1.2. Risk limit control and mitigation policies

The Bank manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and banks, and to industries and countries.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by individual, counterparties, product, and industry sector and by country are approved quarterly by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.
Some other specific control and mitigation measures are outlined below:

3.1.2.1. Collateral

The Bank sets a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties.
- Mortgage business assets such as premises, and inventory.
- Mortgage financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimize the credit loss the Bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other governmental securities are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

3.1.2.2. Derivatives

The Bank maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favorable to the Bank (i.e., assets with positive fair value), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Bank requires margin deposits from counterparties.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Bank market transactions on any single day.

3.1.2.3. Master netting arrangements

The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favorable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Bank overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

3.1.2.4. Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

3.1.3. Impairment and provisioning policies

The internal rating system described in Note 3.1.1 focus on the credit-quality mapping from the lending and investment activities perspective. Conversely, for only financial reporting purposes impairment losses are recognized for that has been incurred on the balance sheet date when there is an objective evidence of impairment. Due to the different methodologies applied, the amount of incurred impairment losses in balance sheet are usually lower than the amount determined from the expected loss model that is used for internal operational management and CBE regulation purposes.

The impairment provision reported in balance sheet at the end of the period is derived from each of the four internal credit risk ratings. However, the majority of the impairment provision is usually driven by the last two rating degrees. The following table illustrates the proportional distribution of loans and advances reported in the balance sheet for each of the four internal credit risk ratings of the Bank and their relevant impairment losses:

Bank's rating	December 31, 2013		December 31, 2012	
	Loans and advances (%)	Impairment provision (%)	Loans and advances (%)	Impairment provision (%)
1-Performing loans	87.71	31.49	89.99	40.84
2-Regular watching	4.90	5.32	5.89	8.56
3-Watch list	3.43	19.93	0.49	2.01
4-Non-Performing Loans	3.96	43.26	3.63	48.58

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The internal rating tools assists management to determine whether objective evidence of impairment exists under EAS 26, based on the following criteria set by the Bank:

- Cash flow difficulties experienced by the borrower or debtor
- Breach of loan covenants or conditions
- Initiation of bankruptcy proceedings
- Deterioration of the borrower's competitive position
- Bank granted concessions may not be approved under normal circumstances due to economic, legal reasons and financial difficulties facing the borrower
- Deterioration of the collateral value
- Deterioration of the credit situation

The Bank's policy requires the review of all financial assets that are above materiality thresholds at least annually or more regularly when circumstances require. Impairment provisions on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date, and are applied to all significant accounts individually. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account. Collective impairment provisions are provided portfolios of homogenous assets by using the available historical loss experience, experienced judgment and statistical techniques.

3.1.4. Pattern of measuring the general banking risk

In addition to the four categories of the Bank's internal credit ratings indicated in note 3.1.1, management classifies loans and advances based on more detailed subgroups in accordance with the CBE regulations. Assets exposed to credit risk in these categories are classified according to detailed rules and terms depending heavily on information relevant to the customer, his activity, financial position and his repayment track record. The Bank calculates required provisions for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE. In case, the provision required for impairment losses as per CBE credit worthiness rules exceeds the required provisions by the application used in balance sheet preparation in accordance with EAS. That excess shall be debited to retained earnings and carried to the general banking risk reserve in the equity section. Such reserve is always adjusted, on a regular basis, by any increase or decrease so, that reserve shall always be equivalent to the amount of increase between the two provisions. Such reserve is not available for distribution.

Below is a statement of institutional worthiness according to internal ratings compared with CBE ratings and rates of provisions needed for assets impairment related to credit risk:

CBE Rating	Categorization	Provision%	Internal rating	Categorization
1	Low risk	0%	1	Performing loans
2	Average risk	1%	1	Performing loans
3	Satisfactory risk	1%	1	Performing loans
4	Reasonable risk	2%	1	Performing loans
5	Acceptable risk	2%	1	Performing loans
6	Marginally acceptable risk	3%	2	Regular watching
7	Watch list	5%	3	Watch list
8	Substandard	20%	4	Non performing loans
9	Doubtful	50%	4	Non performing loans
10	Bad debts	100%	4	Non performing loans

3.1.5. Maximum exposure to credit risk before collateral held

In balance sheet items exposed to credit risk	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Treasury bills and other governmental notes	23,654,812,174	11,153,742,074
Trading financial assets:		
- Debt instruments	2,047,967,761	1,138,056,688
Gross loans and advances to banks	153,833,294	1,208,166,369
Less:Impairment provision	(21,410,562)	(29,298,630)
Gross loans and advances to customers		
Individual:		
- Overdraft	1,173,942,998	1,220,222,219
- Credit cards	765,623,964	660,932,044
- Personal loans	4,181,386,392	3,616,553,758
- Mortgages	383,143,670	463,833,879
- Other loans	10,841,736	20,045,324
Corporate:		
- Overdraft	5,015,510,545	4,288,571,348
- Direct loans	24,125,578,810	23,196,204,054
- Syndicated loans	9,630,556,651	9,588,649,990
- Other loans	109,231,797	87,795,754
Unamortized bills discount	(6,634,495)	(22,277,973)
Impairment provision	(2,842,840,136)	(1,901,222,402)
Unearned interest	(708,390,220)	(520,994,222)
Derivative financial instruments	103,085,538	137,459,761
Financial investments:		
-Debt instruments	26,889,648,525	24,849,111,471
- Investments in subsidiary and associates	599,276,660	938,033,700
Total	**95,265,165,102**	**80,093,585,206**
Off balance sheet items exposed to credit risk		
Financial guarantees	2,480,059,591	2,276,369,133
Customers acceptances	472,350,554	1,176,928,870
Letter of credit	750,766,099	933,297,936
Letter of guarantee	14,959,372,507	12,787,562,199
Total	**18,662,548,751**	**17,174,158,138**

The above table represents the Bank Maximum exposure to credit risk on December 31, 2013, before taking account of any held collateral.

For assets recognized on balance sheet, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

As shown above 44.16% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represents 30.38%.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk resulting from both its loans and advances portfolio and debt instruments based on the following:

- 92.61% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- 96.04% of loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed individualy are valued EGP 1,803,427,939.
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on December 31, 2013.
- 95.01% of the investments in debt Instruments are Egyptian sovereign instruments.

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3.1.6. Loans and advances

Loans and advances are summarized as follows:

	Dec. 31, 2013 EGP		Dec. 31, 2012 EGP	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Neither past due nor impaired	40,832,064,380	123,630,395	40,779,399,095	1,176,571,369
Past due but not impaired	2,790,527,143	-	785,027,964	-
Individually impaired	1,773,225,040	30,202,899	1,578,381,311	31,595,000
Gross	**45,395,816,563**	**153,833,294**	**43,142,808,370**	**1,208,166,369**
Less:				
Impairment provision	2,842,840,136	21,410,562	1,901,222,402	29,298,630
Unamortized bills discount	6,634,495	-	22,277,973	-
Unearned interest	708,390,220	-	520,994,222	-
Net	**41,837,951,712**	**132,422,732**	**40,698,313,773**	**1,178,867,739**

Impairment provision losses for loans and advances reached EGP 2,864,250,698.

During the year the Bank's total loans and advances increased by 2.70% .

In order to minimize the propable exposure to credit risk, the Bank focuses more on the business with large enterprises, banks or retail customers with good credit rating or sufficient collateral.

Net loans and advances to customers and banks:

EGP

Dec. 31, 2013	Individual					Corporate				Total loans and advances to customers	Total loans and advances to banks
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans		
Grades:											
Performing loans	1,094,590,541	736,700,792	3,996,265,873	366,843,424	-	4,407,490,858	19,559,702,025	8,665,942,088	103,049,090	38,930,584,691	121,253,726
Regular watching	51,117,932	14,364,025	44,547,698	-	-	69,765,752	1,439,446,597	459,723,167	712,987	2,079,678,158	-
Watch list	10,007,708	3,894,678	24,518,735	-	7,100,394	126,847,106	811,645,615	5,446,049	-	989,460,285	-
Non-performing loans	8,994,399	2,273,295	33,393,449	2,516,317	532,712	77,204,166	361,453,745	66,382,676	502,534	553,253,293	11,169,006
Total	**1,164,710,580**	**757,232,790**	**4,098,725,755**	**369,359,741**	**7,633,106**	**4,681,307,882**	**22,172,247,982**	**9,197,493,980**	**104,264,611**	**42,552,976,427**	**132,422,732**

EGP

Dec. 31, 2012	Individual					Corporate				Total loans and advances to customers	Total loans and advances to banks
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans		
Grades:											
Performing loans	1,152,693,431	633,881,668	3,459,502,653	449,183,484	1,107,853	3,828,066,231	19,714,723,182	8,634,047,670	82,087,754	37,955,293,927	1,168,312,112
Regular watching	39,975,851	12,960,108	35,395,626	-	16,959,188	147,548,565	1,762,255,708	431,680,704	79,991	2,446,855,741	-
Watch list	9,922,637	3,940,508	20,441,412	-	-	8,557,078	-	135,043,296	-	177,904,931	-
Non-performing loans	6,877,253	1,821,429	26,778,513	1,273,535	887,352	94,848,245	477,209,225	51,309,716	526,101	661,531,369	10,555,627
Total	**1,209,469,172**	**652,603,713**	**3,542,118,204**	**450,457,019**	**18,954,393**	**4,079,020,119**	**21,954,188,115**	**9,252,081,386**	**82,693,846**	**41,241,585,968**	**1,178,867,739**

Loans and advances past due but not impaired:

Loans and advances less than 90 days past due are not considered impaired, unless there is an objective evidence of impairment.

Dec. 31, 2013	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Past due up to 30 days	282,863,638	145,913,282	9,383,181	741,580	438,901,681	1,309,118,603	749,247,887	22,884,352	2,081,250,842
Past due 30 - 60 days	51,211,222	15,126,962	2,852,133	199,332	69,389,649	20,300,304	17,617,160	-	37,917,464
Past due 60-90 days	10,049,551	4,646,221	2,704,540	16,160	17,416,472	79,699,492	65,951,544	-	145,651,036
Total	**344,124,411**	**165,686,465**	**14,939,854**	**957,072**	**525,707,802**	**1,409,118,399**	**832,816,591**	**22,884,352**	**2,264,819,342**

Dec. 31, 2012	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Past due up to 30 days	270,505,350	136,831,472	11,448,890	700,995	419,486,707	32,640,253	83,898,165	105,902,043	222,440,462
Past due 30-60 days	40,136,708	13,690,593	2,585,035	91,626	56,503,962	4,432,342	7,374,788	-	11,807,130
Past due 60-90 days	10,117,386	4,794,090	2,195,267	110,400	17,217,143	30,810,328	24,880,581	1,881,651	57,572,559
Total	**320,759,444**	**155,316,155**	**16,229,192**	**903,021**	**493,207,812**	**67,882,923**	**116,153,535**	**107,783,694**	**291,820,152**

Individually impaired loans

Loans and advances individually assessed without taking into consideration cash flows from guarantees are totaled EGP 1,803,427,939.

The breakdown of the gross amount of individually impaired loans and advances by product, along with the fair value of related collateral held by the Bank, are as follows:

Dec. 31, 2013	Individual					Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Individually impaired loans	14,564,000	5,939,925	102,518,959	13,065,713	1,384,759	262,466,686	1,128,085,083	272,229,139	3,173,675	**1,803,427,939**

Dec. 31, 2012	Individual					Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Individually impaired loans	14,487,332	6,412,436	89,037,818	11,086,723	1,244,270	238,462,451	1,065,770,440	179,994,670	3,480,171	**1,609,976,311**

Loans and advances restructured

Restructuring activities include reschaduling arrangements, obligatory management programs, modification and deferral of payments. The application of restructuring policies are based on indicators or criteria of credit performance of the borrower that is based on the personal judgment of the management, indicate that payment will most likely continue. Restructuring is commonly applied to term loans, specially customer loans. Renegotiated loans totaled at the end of the year

	Dec. 31, 2013	Dec. 31, 2012
Loans and advances to customer		
Corporate		
Direct loans	2,950,132,000	2,924,873,000
Total	**2,950,132,000**	**2,924,873,000**

3.1.7. Debt instruments, treasury bills and other governmental notes

The table below presents an analysis of debt instruments, treasury bills and other governmental notes by rating agency designation at end of financial year, based on Standard & Poor's ratings or their equivalent:

EGP

Dec. 31, 2013	Treasury bills and other gov. notes	Trading financial debt instruments	Non-trading financial debt instruments	Total
AAA	-	-	962,346,780	**962,346,780**
AA- to AA+	-	-	176,768,467	**176,768,467**
A- to A+	-	-	200,559,029	**200,559,029**
Lower than A-	-	86,593,728	851,468,992	**938,062,720**
Unrated	23,654,812,174	1,961,374,033	24,698,505,257	**50,314,691,464**
Total	**23,654,812,174**	**2,047,967,761**	**26,889,648,525**	**52,592,428,460**

3.1.8. Concentration of risks of financial assets with credit risk exposure

3.1.8.1. Geographical sectors

Following is a breakdown of the Bank's main credit exposure at their book values categorized by geographical region at the end of the current year.

The Bank has allocated exposures to regions based on the country of domicile of its counterparties.

Dec. 31, 2013	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Treasury bills and other governmental notes	23,654,812,174	-	-	**23,654,812,174**
Trading financial assets:				
- Debt instruments	2,047,967,761	-	-	**2,047,967,761**
Gross loans and advances to banks	153,833,294	-	-	**153,833,294**
Less:Impairment provision	(21,410,562)	-	-	**(21,410,562)**
Gross loans and advances to customers				
Individual:				
- Overdrafts	788,301,456	260,325,730	125,315,812	**1,173,942,998**
- Credit cards	577,101,742	158,976,345	29,545,877	**765,623,964**
- Personal loans	2,809,768,674	1,097,553,129	274,064,589	**4,181,386,392**
- Mortgages	317,339,513	56,881,818	8,922,339	**383,143,670**
- Other loans	9,563,433	1,278,303	-	**10,841,736**
Corporate:				
- Overdrafts	4,141,934,996	634,425,280	239,150,269	**5,015,510,545**
- Direct loans	18,759,464,871	4,753,247,203	612,866,736	**24,125,578,810**
- Syndicated loans	8,869,001,700	761,554,951	-	**9,630,556,651**
- Other loans	105,176,241	4,055,556	-	**109,231,797**
Unamortized bills discount	(6,634,495)	-	-	**(6,634,495)**
Impairment provision	(2,842,840,136)	-	-	**(2,842,840,136)**
Unearned interest	(553,087,820)	(153,568,700)	(1,733,700)	**(708,390,220)**
Derivative financial instruments	103,085,538	-	-	**103,085,538**
Financial investments:				
-Debt instruments	26,889,648,525	-	-	**26,889,648,525**
- Investments in subsidiary and associates	599,276,660	-	-	**599,276,660**
Total	**86,402,303,565**	**7,574,729,615**	**1,288,131,922**	**95,265,165,102**

3.1.8.2. Industry sectors

The following table analysis the Group's main credit exposure at their book value categorized by the Bank customers activities.

EGP

Dec. 31, 2013	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Treasury bills and other governmental notes	-	-	-	-	23,654,812,174	-	-	**23,654,812,174**
Trading financial assets:			-					
- Debt instruments	-	-	-	-	2,047,967,761	-	-	**2,047,967,761**
Gross loans and advances to banks	153,833,294	-	-	-	-	-	-	**153,833,294**
Less:Impairment provision	(21,410,562)	-	-	-	-	-	-	**(21,410,562)**
Gross loans and advances to customers								
Individual:								
- Overdrafts	-	-	-	-	-	-	1,173,942,998	**1,173,942,998**
- Credit cards	-	-	-	-	-	-	765,623,964	**765,623,964**
- Personal loans	-	-	-	-	-	-	4,181,386,392	**4,181,386,392**
- Mortgages	-	-	-	-	-	-	383,143,670	**383,143,670**
- Other loans	-	-	-	-	-	-	10,841,736	**10,841,736**
Corporate:								
- Overdrafts	23,351,879	1,301,794,515	1,013,245,488	274,467,379	468,096,213	1,934,555,071	-	**5,015,510,545**
- Direct loans	783,312,791	11,224,774,953	-	215,552,531	1,095,296,185	10,806,642,350	-	**24,125,578,810**
- Syndicated loans	-	4,784,624,245	1,046,185,896	-	34,722,222	3,765,024,288	-	**9,630,556,651**
- Other loans	-	90,975,572	-	15,000,000	-	3,256,225	-	**109,231,797**
Unamortized bills discount	(6,634,495)	-	-	-	-	-	-	**(6,634,495)**
Impairment provision	(12,126,426)	(1,454,360,568)	(38,475,946)	(6,237,296)	(15,397,347)	(1,182,773,613)	(133,468,940)	**(2,842,840,136)**
Unearned interest	-	(311,547,069)	-	(14,399)	-	(357,500,457)	(39,328,295)	**(708,390,220)**
Derivative financial instruments	103,085,538	-	-	-	-	-	-	**103,085,538**
Financial investments:								
-Debt instruments	1,394,514,276	-	-	-	25,495,134,249	-	-	**26,889,648,525**
- Investments in subsidiary and associates	599,276,660	-	-	-	-	-	-	**599,276,660**
Total	**3,017,202,955**	**15,636,261,648**	**2,020,955,438**	**498,768,215**	**52,780,631,457**	**14,969,203,864**	**6,342,141,525**	**95,265,165,102**

3.2. Market risk

Market risk represnted as fluctuations in fair value or future cash flow, including foreign exchange rates and commodity prices, interest rates, credit spreads and equity prices will reduce the Bank's income or the value of its portfolios. the Bank separates exposures to market risk into trading or non-trading portfolios.

Market risks are measured, monitored and controlled by the market risk management department. In addition, regular reports are submitted to the Asset and Liability Management Committee (ALCO), Board Risk Committee and the heads of each business unit.

Trading portfolios include positions arising from market-making, position taking and others designated as marked-to-market. Non-trading portfolios include positions that primarily arise from the interest rate management of the group's retail and commercial banking assets and liabilities, financial investments designated as available for sale and held-to-maturity.

3.2.1. Market risk measurement techniques

As part of the management of market risk, the Bank undertakes various hedging strategies. the Bank also enters into interest rate swaps to match the interest rate risk associated with the fixed-rate long-term debt
instrument and loans to which the fair value option has been applied .

3.2.1.1 Value at Risk

The Bank applies a "Value at Risk" methodology (VaR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected under normal market conditions, based upon a number of assumptions for various changes in market conditions.

VaR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Bank might lose , but only to a certain level of confidence (95%). There is therefore a specified statistical probability (5%) that actual loss could be greater than the VaR estimate. The VaR model assumes a certain 'holding period' until positions can be closed (1 Day). The Bank is assessing the historical movements in the market prices based on volatilities and correlations data for the past five years. The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

As VaR constitutes an integral part of the Bank's market risk control regime, the Market Risk Management set Soft VaR Limits, trading book, which have been approved by the board, and are monitored and reported on a daily basis to the Senior Management. In addition, monthly limits compliance is reported to the ALCO.

The Bank has developed the internal model to calculate VaR and is not yet approved by the Central Bank as the regulator is currently applying and requiring banks to calculate the Market Risk Capital Requirements according to Basel II Standardized Approach.

3.2.1.2. Stress tests

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. Therefore, bank computes on a daily basis trading Stress VaR, combined with trading Normal VaR to capture the abnormal movements in financial markets and to give more comprehensive picture of risk. The results of the stress tests are reviewed by the ALCO on a monthly basis and the board risk committee on a quarterly basis.

3.2.2. Value at risk (VaR) Summary

Total VaR by risk type

EGP

	Dec. 31, 2013			Dec. 31, 2012		
	Medium	**High**	**Low**	**Medium**	**High**	**Low**
Foreign exchange risk	89,669	539,916	3,370	40,138	175,325	4,756
Interest rate risk	75,596,340	101,789,562	55,515,213	33,579,414	82,099,623	3,045,986
- For non trading purposes	63,975,773	84,950,011	48,925,587	29,092,222	72,429,892	919,482
- For trading purposes	11,620,567	16,839,550	6,589,626	4,487,192	9,669,731	2,126,504
Equities risk	124,134	203,290	85,632	278,907	368,507	149,646
Portfolio managed by others risk	606,374	1,124,626	35,182	-	-	-
Investment fund	305,229	491,484	210,658	287,242	465,524	169,518
Total VaR	**75,622,331**	**101,827,317**	**55,529,386**	**33,555,660**	**82,161,567**	**3,139,829**

Trading portfolio VaR by risk type

	Dec. 31, 2013			Dec. 31, 2012		
	Medium	**High**	**Low**	**Medium**	**High**	**Low**
Foreign exchange risk	89,669	539,916	3,370	40,138	175,325	4,756
Interest rate risk						
- For trading purposes	11,620,567	16,839,550	6,589,626	4,487,192	9,669,731	2,126,504
Equities risk	124,134	203,290	85,632	278,907	368,507	149,646
Funds managed by others risk	606,374	1,124,626	35,182	-	-	-
Investment fund	305,229	491,484	210,658	287,242	465,524	169,518
Total VaR	**11,654,395**	**16,875,949**	**6,621,300**	**4,553,070**	**9,721,129**	**2,218,253**

Non trading portfolio VaR by risk type

	Dec. 31, 2013			Dec. 31, 2012		
	Medium	**High**	**Low**	**Medium**	**High**	**Low**
Interest rate risk						
- For non trading purposes	63,975,773	84,950,011	48,925,587	29,092,222	72,429,892	919,482
Total VaR	**63,975,773**	**84,950,011**	**48,925,587**	**29,092,222**	**72,429,892**	**919,482**

The aggregate of the trading and non-trading VaR results does not constitute the Bank's VaR due to correlations and consequent diversification effects between risk types and portfolio types.

3.2.3. Foreign exchange risk

The Bank's financial position and cash flows are exposed to fluctuations in foreign currency exchange rates. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarizes the Bank's exposure to foreign currency exchange rate risk and Bank's financial instruments at carrying amounts, categorized by currency.

Equivalent EGP

Dec. 31, 2013	**EGP**	**USD**	**EUR**	**GBP**	**Other**	**Total**
Financial assets						
Cash and balances with Central Bank	3,934,820,535	685,783,608	97,955,512	21,155,801	56,524,898	**4,796,240,354**
Due from banks	49,755,496	5,569,959,173	2,823,809,212	386,613,624	63,533,460	**8,893,670,965**
Treasury bills and other governmental notes	20,718,475,000	3,832,188,780	181,468,677	-	-	**24,732,132,457**
Trading financial assets	2,150,872,512	86,593,728	-	-	8,881,566	**2,246,347,806**
Gross loans and advances to banks	-	153,833,294	-	-	-	**153,833,294**
Gross loans and advances to customers	25,967,879,074	18,702,088,432	645,731,167	46,134,574	33,983,316	**45,395,816,563**
Derivative financial instruments	35,951,722	65,733,199	1,400,617	-	-	**103,085,538**
Financial investments						
- Available for sale	22,131,250,477	1,232,251,218	-	-	-	**23,363,501,695**
- Held to maturity	4,187,173,991	-	-	-	-	**4,187,173,991**
Investments in subsidiary and associates	558,685,850	40,590,810	-	-	-	**599,276,660**
Total financial assets	**79,734,864,657**	**30,369,022,242**	**3,750,365,185**	**453,903,999**	**162,923,240**	**114,471,079,323**
Financial liabilities						
Due to banks	319,951,905	1,031,898,608	20,152,926	1,399,569	7,032	**1,373,410,040**
Due to customers	64,712,814,197	27,965,508,241	3,585,282,145	456,884,824	219,780,593	**96,940,270,000**
Derivative financial instruments	31,266,232	81,503,495	2,108,856	-	-	**114,878,583**
Long term loans	132,153,227	-	-	-	-	**132,153,227**
Total financial liabilities	**65,196,185,561**	**29,078,910,344**	**3,607,543,927**	**458,284,393**	**219,787,625**	**98,560,711,850**
Net on-balance sheet financial position	**14,538,679,096**	**1,290,111,898**	**142,821,258**	**(4,380,394)**	**(56,864,385)**	**15,910,367,473**

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3.2.4. Interest rate risk

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but profit may decrease in the event that unexpected movements arise.The Board sets limits on the gaps of interest rate repricing that may be undertaken, which is monitored by bank's Risk Management Department.

The table below summarizes the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorized by the earlier of repricing or contractual maturity dates.

Dec. 31, 2013	Up to1 Month	1-3 Months	3-12 Months	1-5 years	Over 5 years	Non- Interest Bearing	Total
Financial assets							
Cash and balances with Central Bank	-	-	-	-	-	4,796,240,354	**4,796,240,354**
Due from banks	4,477,416,766	3,966,455,633	286,026,802	-	-	163,771,764	**8,893,670,965**
Treasury bills and other governmental notes*	3,527,609,980	2,996,487,000	18,208,035,477	-	-	-	**24,732,132,457**
Trading financial assets	136,007,765	-	-	1,672,005,178	375,962,584	62,372,279	**2,246,347,806**
Gross loans and advances to banks	4,342,350	116,417,222	2,870,824	30,202,898	-	-	**153,833,294**
Gross loans and advances to customers	29,833,639,030	6,465,364,854	5,189,602,857	3,111,717,350	795,492,472	-	**45,395,816,563**
Derivatives financial instruments (including IRS notional amount)	1,389,566,463	234,619,676	747,844,799	2,185,915,919	332,706,143	53,339,700	**4,943,992,700**
Financial investments							
- Available for sale	663,515,064	378,645,263	2,815,541,814	13,567,604,319	5,351,673,079	586,522,156	**23,363,501,695**
- Held to maturity	-	-	197,841	4,186,976,150	-	-	**4,187,173,991**
Investments in subsidiary and associates	-	-	-	-	-	599,276,660	**599,276,660**
Total financial assets	**40,032,097,418**	**14,157,989,648**	**27,250,120,414**	**24,754,421,814**	**6,855,834,278**	**6,261,522,913**	**119,311,986,485**
Financial liabilities							
Due to banks	347,374,047	-	-	-	-	1,026,035,993	**1,373,410,040**
Due to customers	32,282,923,172	14,485,215,174	11,106,121,075	22,458,172,731	87,337,000	16,520,500,848	**96,940,270,000**
Derivatives financial instruments (including IRS notional amount)	2,315,824,671	1,770,211,105	129,416,652	66,856,880	603,658,202	69,818,235	**4,955,785,745**
Long term loans	28,091,227	5,314,000	49,299,000	49,449,000	-	-	**132,153,227**
Total financial liabilities	**34,974,213,117**	**16,260,740,279**	**11,284,836,727**	**22,574,478,611**	**690,995,202**	**17,616,355,076**	**103,401,619,012**
Total interest re-pricing GAP Capital	**5,057,884,301**	**(2,102,750,631)**	**15,965,283,687**	**2,179,943,203**	**6,164,839,076**	**(11,354,832,163)**	**15,910,367,473**

** After deducting Repos.*

3.3. Liquidity risk

Liquidity risk is the risk that the Bank does not have sufficient financial resources to meet its obligations arises from its financial liabilities as they fall due or to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill lending commitments.

3.3.1. Liquidity risk management process

The Bank's liquidity management process, is carried by the assets and Liabilities Management Department and monitored independently by the Risk Management Department, which includes:

Projecting cash flows by major currency under various stress scenarios and considering the level of liquid assets necessary in relation thereto:

- The Bank maintains an active presence in global money markets to enable this to happen.
- Maintaining a diverse range of funding sources with back-up facilities.
- Monitoring balance sheet liquidity and advances to core funding ratios against internal and Central Bank of Egypt regulations.
- Managing the concentration and profile of debt maturities.
- Monitoring and reporting takes the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those assets projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets. Bank's Risk Management Department also monitors unmatched medium-term.

3.3.2. Funding approach

Sources of liquidity are regularly reviewed jointly by the Bank's Assets & Liabilities Management Department and Consumer Banking to maintain a wide diversification within currencies, geographical area, depositors, products and tenors.

3.3.3. Non-derivative cash flows

The table below presents the undiscounted cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities and the maturities assumption for non contractual products are based on there behavior studies.

Dec. 31, 2013	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP
Financial liabilities						
Due to banks	1,373,410,040	-	-	-	-	1,373,410,040
Due to customers	14,357,244,907	14,355,336,031	31,020,534,031	36,171,294,031	1,035,861,000	96,940,270,000
Long term loans	28,091,227	5,314,000	49,299,000	49,449,000	-	132,153,227
Total liabilities (contractual and non contractual maturity dates)	**15,758,746,174**	**14,360,650,031**	**31,069,833,031**	**36,220,743,031**	**1,035,861,000**	**98,445,833,267**
Total financial assets (contractual and non contractual maturity dates)	**16,226,910,823**	**11,735,431,147**	**29,841,046,583**	**41,734,405,803**	**14,830,199,429**	**114,367,993,785**

Dec. 31, 2012	Up to 1month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP
Financial liabilities						
Due to banks	1,714,862,716	-	-	-	-	1,714,862,716
Due to customers	11,526,810,962	9,736,841,059	20,452,119,693	35,809,584,757	1,309,370,420	78,834,726,890
Long term loans	-	-	59,508,571	20,986,667	-	80,495,238
Total liabilities (contractual and non contractual maturity dates)	**13,241,673,678**	**9,736,841,059**	**20,511,628,264**	**35,830,571,424**	**1,309,370,420**	**80,630,084,844**
Total financial assets (contractual and non contractual maturity dates)	**9,874,255,242**	**12,497,060,088**	**22,097,635,946**	**39,608,844,700**	**9,940,640,568**	**94,018,436,544**

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, due from CBE and due from banks, treasury bills, other government notes , loans and advances to banks and customers.

In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt instrument and treasury bills and other governmental notes have been pledged to secure liabilities. The Bank would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

3.3.4. Derivative cash flows

Derivatives settled on a net basis

The Bank's derivatives that will be settled on a net basis include:

Foreign exchange derivatives: exchange traded options and over-the-counter (OTC) ,exchange traded forwards currency options.

Interest rate derivatives: interest rate swaps, forward rate agreements, OTC and exchange traded interest rate options, other interest rate contracts and exchange traded futures .

The table below analyses the Bank's derivative undiscounted financial liabilities that will be settled on a net basis into maturity groupings based on the remaining period of the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

EGP

Dec. 31, 2013	Up to one month	One to three months	Three months to one year	One year to five years	Over five years	Total
Liabilities						
Derivatives financial instruments						
- Foreign exchange derivatives	28,748,121	4,157,915	12,154,312	-	-	45,060,348
- Interest rate derivatives	-	-	1,707,852	9,904,184	58,206,199	69,818,235
Total	**28,748,121**	**4,157,915**	**13,862,164**	**9,904,184**	**58,206,199**	**114,878,583**

Off balance sheet items

Dec. 31, 2013	Up to 1 year	1-5 years	Over 5 years	Total
Letters of credit, guarantees and other commitments	10,428,508,630	5,449,818,970	304,161,560	16,182,489,160
Total	**10,428,508,630**	**5,449,818,970**	**304,161,560**	**16,182,489,160**

3.4. Fair value of financial assets and liabilities

3.4.1. Financial instruments not measured at fair value

The table below summarizes the book value and fair value of those financial assets and liabilities not presented on the Bank's balance sheet at their fair value.

	Book value		Fair value	
	Dec. 31, 2013	**Dec. 31, 2012**	**Dec. 31, 2013**	**Dec. 31, 2012**
Financial assets				
Due from banks	8,893,670,965	7,957,710,034	8,893,670,965	7,957,710,034
Gross loans and advances to banks	153,833,294	1,208,166,369	153,833,294	1,208,166,369
Gross loans and advances to customers				
- Individual	6,514,938,760	5,981,587,224	6,514,938,760	5,981,587,224
- Corporate	38,880,877,803	37,161,221,146	38,880,877,803	37,161,221,146
Financial investments				
Held to Maturity	4,187,173,991	4,205,753,328	4,187,173,991	4,205,753,328
Total financial assets	**58,630,494,813**	**56,514,438,101**	**58,630,494,813**	**56,514,438,101**
Financial liabilities				
Due to banks	1,373,410,040	1,714,862,716	1,373,410,040	1,714,862,716
Due to customers	96,940,270,000	78,834,726,890	96,940,270,000	78,834,726,890
Long term loans	132,153,227	80,495,238	132,153,227	80,495,238
Total financial liabilities	**98,445,833,267**	**80,630,084,844**	**98,445,833,267**	**80,630,084,844**

Due from banks

Loans and advances to banks represented in loans do not considering bank placing. The expected fair value of the loans and advances represents the discounted value of future cash flows expected to be collected. Cash flows are discounted using the current market rate to determine fair value.

Loans and advances to customers

Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

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Financial Investments

Investment securities include only interest-bearing assets held to maturity assets classified as available for sale are measured at fair value.

Fair value for held-to-maturity assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

Due to other banks and customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar maturity date.

3.5 Capital management

For capital management purposes, the Bank's capital includes total equity as reported in the balance sheet plus some other elements that are managed as capital. The Bank manages its capital to ensure that the following objectives are achieved:

- Compliance with the legally imposed capital requirements in Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base to enhance growth of the Bank's operations.

Capital adequacy and the use of regulatory capital are monitored on a daily basis by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the banking supervision unit in the Central Bank of Egypt.

The required data is submitted to the Central Bank of Egypt on a quarterly basis.

Central Bank of Egypt requires the following:

- Maintaining EGP 500 million as a minimum requirement for the issued and paid-in capital.
- Maintaining a minimum level of capital adequacy ratio of 10%, calculated as the ratio between total value of the capital elements, and the risk-weighted assets and contingent liabilities of the Bank.

Tier one:

Tier one, comprised of paid-in capital (after deducting the book value of treasury shares), retained earnings and reserves resulting from the distribution of profits except the banking risk reserve and deducting previously recognized goodwill and any retained losses.

Tier two:

Represents the gone concern capital which comprised of general risk provision according to the impairment provision guidelines issued by the Central Bank of Egypt for to the maximum of 1.25% risk weighted assets and contingent liabilities ,subordinated loans with more than five years to maturity (amortizing 20% of its carrying amount in each year of the remaining five years to maturity) and 45% of the increase in fair value than book value for available for sale , held to maturity, subsidiaries and associates investments.

When calculating the numerator of capital adequacy ratio, the rules set limits of total tier 2 to no more than tier 1 capital and also limits the subordinated to no more than 50% of tier1.

Assets risk weight scale ranging from zero to 100% based on the counterparty risk to reflect the related credit risk scheme, taking into considration the cash collatrals. Similar criteria are used for off balance sheet items after adjusting it to reflect the nature of contingency and the potential loss of those amounts. The Bank has complied with all local capital adequacy requirements for the current year.

The tables below summarizes the compositions of teir 1, teir 2 and the capital adequacy ratio.

According to Basel II :

	Dec. 31, 2013 In thousands EGP	Dec. 31, 2012 In thousands EGP Restated
Tier 1 capital		
Share capital (net of the treasury shares)	9,002,436	5,972,275
Reserves	1,001,869	3,909,853
Retained Earnings (Losses)	(546,531)	(510,946)
Total deductions from tier 1 capital common equity	(726,847)	(4,701)
Total qualifying tier 1 capital	8,730,927	9,366,481
Tier 2 capital		
45% of special reserve	1,123	41,821
45% of the Increase in fair value than the book value for available for sale and held to maturity investments	21,510	147,873
Impairment provision for loans and regular contingent liabilities	742,938	709,302
Total qualifying tier 2 capital	**765,571**	**898,996**
Total capital 1+2	**9,496,498**	**10,265,477**
Risk weighted assets and contingent liabilities		
Total credit risk	59,514,861	56,891,117
Total market risk	2,429,715	1,994,962
Total operational risk	**8,135,709**	**6,478,218**
Total	**70,080,285**	65,364,297
***Capital adequacy ratio (%)**	**13.55%**	15.71%

**Based on consolidated financial statement figures and in accordance with Centeral Bank of Egypt regulation issued on 24 December 2012.*

4. Critical accounting estimates and judgments

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year.

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and available information.

4.1. Impairment losses on loans and advances

The Bank reviews its loan portfolios to assess impairment on monthly basis a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a Bank, or national or local economic conditions that correlate with defaults on assets in the Bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. To the extent that the net present value of estimated cash flows differs by +/-5%.

4.2. Impairment of available for-sale equity investments

The Bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of a deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

4.3. Fair value of derivatives

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (as models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that output reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

4.4. Held-to-Maturity investments

The non-derivative financial assets with fixed or determinable payments and fixed maturity are being classified held to maturity. This requires significant judgment. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity it will be required to reclassify the entire category as available for sale. The investments would therefore be measured at fair value not amortized cost.

5. Segment analysis

5.1. By business segment

The Bank is divided into main business segments on a worldwide basis:

- Corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products
- Investment banking – incorporating financial instruments Trading, structured financing, Corporate leasing,and merger and acquisitions advice.
- Retail banking – incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages;
- Others –Include other banking business, such as Assets Management.
- Transactions between the business segments are on normal commercial terms and conditions.

EGP

Dec. 31, 2013	Corporate banking	SME's	Investment banking	Retail banking	Total
Revenue according to business segment	4,446,599,564	698,163,082	(58,811,197)	1,666,363,119	6,752,314,568
Expenses according to business segment	(1,626,606,779)	(316,973,281)	(90,547,864)	(877,974,630)	(2,912,102,554)
Profit before tax	**2,819,992,785**	**381,189,801**	**(149,359,061)**	**788,388,489**	**3,840,212,014**
Tax	(856,984,584)	(119,972,068)	-	(248,129,927)	(1,225,086,579)
Profit for the year	**1,963,008,201**	**261,217,733**	**(149,359,061)**	**540,258,562**	**2,615,125,435**
Total assets	**99,626,236,327**	**2,601,325,392**	**1,275,407,237**	**10,249,298,810**	**113,752,267,766**

Dec. 31, 2012	Corporate banking	SME's	Investment banking	Retail banking	Total
Revenue according to business segment	3,302,588,319	731,332,747	(273,334,474)	1,610,326,906	5,370,913,498
Expenses according to business segment	(1,124,760,077)	(308,458,766)	(25,353,002)	(859,123,551)	(2,317,695,396)
Profit before tax	**2,177,828,242**	**422,873,981**	**(298,687,476)**	**751,203,355**	**3,053,218,102**
Tax	(552,626,343)	(107,289,406)	-	(190,591,442)	(850,507,191)
Profit for the year	**1,625,201,899**	**315,584,575**	**(298,687,476)**	**560,611,913**	**2,202,710,911**
Total assets	**80,952,435,040**	**2,626,503,517**	**1,451,894,947**	**9,374,557,798**	**94,405,391,302**

5.2. By geographical segment

EGP

Dec. 31, 2013	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	5,746,507,019	907,098,338	98,709,211	6,752,314,568
Expenses according to geographical segment	(2,169,461,195)	(654,444,883)	(88,196,476)	(2,912,102,554)
Profit before tax	**3,577,045,824**	**252,653,455**	**10,512,735**	**3,840,212,014**
Tax	(1,138,986,743)	(82,660,394)	(3,439,442)	(1,225,086,579)
Profit for the year	**2,438,059,081**	**169,993,061**	**7,073,293**	**2,615,125,435**
Total assets	**104,134,226,778**	**8,163,839,552**	**1,454,201,436**	**113,752,267,766**

Dec. 31, 2012	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	4,334,514,952	887,705,321	148,693,225	5,370,913,498
Expenses according to geographical segment	(1,834,683,705)	(399,008,070)	(84,003,621)	(2,317,695,396)
Profit before tax	**2,499,831,247**	**488,697,251**	**64,689,604**	**3,053,218,102**
Tax	(696,353,609)	(136,133,396)	(18,020,186)	(850,507,191)
Profit for the year	**1,803,477,638**	**352,563,855**	**46,669,418**	**2,202,710,911**
Total assets	**84,065,156,225**	**9,048,557,087**	**1,291,677,989**	**94,405,391,302**

6. Net interest income

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Interest and similar income		
- Banks	201,284,007	132,463,454
- Clients	3,915,076,745	3,523,926,754
	4,116,360,752	**3,656,390,208**
Treasury bills and bonds	5,228,658,859	4,013,129,815
Reverse repos	27,135,663	17,423,270
Financial investments in held to maturity and available for sale debt instruments	137,673,401	158,941,017
Other	45,988	29,184
Total	**9,509,874,663**	**7,845,913,494**
Interest and similar expense		
- Banks	91,504,193	181,169,862
- Clients	4,338,661,909	3,449,311,643
	4,430,166,102	**3,630,481,505**
Financial instruments purchased with a commitment to re-sale (Repos)	25,580,494	310,995,070
Other	4,366,685	3,760,975
Total	**4,460,113,281**	**3,945,237,550**
Net interest income	**5,049,761,382**	**3,900,675,944**

7. Net fee and commission income

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Fee and commission income		
Fee and commissions related to credit	761,430,244	470,471,721
Custody fee	43,812,007	40,798,715
Other fee	511,674,138	431,596,884
Total	**1,316,916,389**	**942,867,320**
Fee and commission expense		
Other fee paid	127,965,091	107,365,742
Total	**127,965,091**	**107,365,742**
Net income from fee and commission	**1,188,951,298**	**835,501,578**

8. Dividend income

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Trading securities	-	578,098
Available for sale securities	14,109,201	27,138,391
Subsidiaries and associates	5,694,250	4,517,707
Total	**19,803,451**	**32,234,196**

9. Net trading income

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Profit (losses) from foreign exchange	442,009,259	249,583,425
Profit (losses) from revaluations of trading assets and liabilities in foreign currencies	2,707,556	2,045,486
Profit (Loss) from forward foreign exchange deals revaluation	(20,513,102)	6,669,087
Profit (Loss) from interest rate swaps revaluation	(1,097,874)	212,030
Profit (Loss) from currency swap deals revaluation	4,095,705	(2,963,355)
Trading debt instruments	332,508,008	311,074,819
Trading equity instruments	262,771	(893,527)
Total	**759,972,323**	**565,727,965**

10. Administrative expenses

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Staff costs		
- Wages and salaries	777,016,107	684,521,699
- Social insurance	34,795,512	30,542,233
- Other benefits	32,515,509	30,941,993
Other administrative expenses	882,193,845	698,639,542
Total	**1,726,520,973**	**1,444,645,467**

11. Other operating (expenses) income

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Profits (Losses) from non-trading assets and liabilities revaluation	89,858,233	36,631,170
Profits (losses) from selling property, plant and equipment	740,692	2,387,583
Release (charges) of other provisions	(128,962,974)	(51,085,880)
Others	(116,652,796)	(97,723,664)
Total	**(155,016,845)**	**(109,790,791)**

12. Impairment (charge) release for credit losses

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Loans and advances to customers	(915,581,874)	(609,971,077)
Total	**(915,581,874)**	**(609,971,077)**

13. Adjustments to calculate the effective tax rate

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Profit before tax	3,840,212,014	3,053,218,102
Tax settlement for prior years	-	(65,137,014)
Profit after settlement	**3,840,212,014**	**2,988,081,089**
Tax rate	25.00%	24.98%
Income tax based on accounting profit	**960,053,003**	**746,520,272**
Add / (Deduct)		
Non-deductible expenses	196,289,297	22,716,152
Tax exemptions	(72,040,958)	(77,772,622)
Effect of provisions	140,285,237	88,495,041
Depreciation	500,000	5,411,335
Income tax	**1,225,086,578**	**785,370,178**
Effective tax rate	**31.90%**	**26.28%**

**Tax claims for the year ended on December.31, 2011*

14. Earning per share

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Net profit for the period available for distribution	2,716,110,919	2,379,297,994
Board member's bonus	(40,741,664)	(35,689,470)
Staff profit sharing	(271,611,092)	(237,929,799)
Profits shareholders' Stake	**2,403,758,163**	**2,105,678,724**
Number of shares	900,243,569	900,243,569
Basic earning per share	**2.67**	**2.34**
By issuance of ESOP earning per share will be:		
Number of shares including ESOP shares	914,378,753	911,239,406
Diluted earning per share	**2.63**	**2.31**

15. Cash and balances with Central Bank

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Cash	1,674,626,181	1,744,700,680
Obligatory reserve balance with CBE		
- Current accounts	3,121,614,173	3,649,273,444
Total	**4,796,240,354**	**5,393,974,124**
Non-interest bearing balances	**4,796,240,354**	**5,393,974,124**

16. Due from banks

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Current accounts	520,680,728	227,153,819
Deposits	8,372,990,237	7,730,556,215
Total	**8,893,670,965**	**7,957,710,034**
Central banks	3,225,196,041	3,093,850,399
Local banks	647,259,153	500,586,325
Foreign banks	5,021,215,771	4,363,273,310
Total	**8,893,670,965**	**7,957,710,034**
Non-interest bearing balances	163,771,764	152,732,954
Fixed interest bearing balances	8,729,899,201	7,804,977,080
Total	**8,893,670,965**	**7,957,710,034**
Current balances	8,893,670,965	7,957,710,034
Total	**8,893,670,965**	**7,957,710,034**

17. Treasury bills and other governmental notes

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
91 Days maturity	6,524,096,980	3,142,959,400
182 Days maturity	7,197,085,800	4,022,757,000
364 Days maturity	11,010,949,677	4,458,084,085
Unearned interest	(1,077,320,283)	(470,058,411)
Total 1	**23,654,812,174**	**11,153,742,074**
Repos - treasury bills	-	(3,175,711,661)
Total 2	-	**(3,175,711,661)**
Net	**23,654,812,174**	**7,978,030,413**

18. Trading financial assets

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Debt instruments		
- Governmental bonds	2,047,967,761	1,138,056,688
Total	2,047,967,761	1,138,056,688
Equity instruments		
- Foreign company shares	8,881,566	15,877,741
- Mutual funds	136,007,766	318,347,334
Total	144,889,332	334,225,075
- Portfolio managed by others	**53,490,713**	-
Total financial assets for trading	**2,246,347,806**	**1,472,281,763**

19. Loans and advances to banks

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Time and term loans	153,833,294	1,208,166,369
Less:Impairment provision	(21,410,562)	(29,298,630)
Total	**132,422,732**	**1,178,867,739**
Current balances	102,219,834	1,172,317,036
Non-current balances	30,202,898	6,550,703
Total	**132,422,732**	**1,178,867,739**

Analysis for impairment provision of loans and advances to banks

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Beginning balance	29,298,630	37,950,503
Charge (release) during the year	(9,224,786)	(11,450,369)
Exchange revaluation difference	1,336,718	2,798,496
Ending balance	**21,410,562**	**29,298,630**

20. Loans and advances to customers

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Individual		
- Overdraft	1,173,942,998	1,220,222,219
- Credit cards	765,623,964	660,932,044
- Personal loans	4,181,386,392	3,616,553,758
- Mortgages	383,143,670	463,833,879
- Other loans	10,841,736	20,045,324
Total 1	**6,514,938,760**	**5,981,587,224**
Corporate		
- Overdraft	5,015,510,545	4,288,571,348
- Direct loans	24,125,578,810	23,196,204,054
- Syndicated loans	9,630,556,651	9,588,649,990
- Other loans	109,231,797	87,795,754
Total 2	**38,880,877,803**	**37,161,221,146**
Total Loans and advances to customers (1+2)	**45,395,816,563**	**43,142,808,370**
Less:		
Unamortized bills discount	(6,634,495)	(22,277,973)
Impairment provision	(2,842,840,136)	(1,901,222,402)
Unearned interest	(708,390,220)	(520,994,222)
Net loans and advances to customers	**41,837,951,712**	**40,698,313,773**
Distributed to		
Current balances	16,679,527,211	16,908,542,925
Non-current balances	25,158,424,501	23,789,770,848
Total	**41,837,951,712**	**40,698,313,773**

Analysis for impairment provision of loans and advances to customers

Dec. 31, 2013	Individual					
	Overdraft	Credit cards	Personal loans	Real estate loans	Other loans	Total
Beginning balance	10,753,047	8,328,331	74,435,554	13,376,859	1,090,931	107,984,722
Charged (Released) during the year	270,365	2,567,525	8,225,083	407,070	2,117,699	13,587,742
Write off during the year	(2,755,707)	(7,254,445)	-	-	-	(10,010,152)
Recoveries during the year	964,713	4,749,763	-	-	-	5,714,476
Ending balance	**9,232,418**	**8,391,174**	**82,660,637**	**13,783,929**	**3,208,630**	**117,276,788**

Dec. 31, 2013	Corporate				
	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Beginning balance	209,551,228	1,242,015,939	336,568,605	5,101,908	1,793,237,680
Charged (Released) during the year	118,563,373	663,119,750	129,670,518	(134,722)	911,218,919
Write off during the year	-	(6,811,042)	(81,425,110)	-	(88,236,152)
Recoveries from written off debts	-	13,906,294	31,417,986	-	45,324,280
Exchange revaluation difference	6,088,062	41,099,887	16,830,672	-	64,018,621
Ending balance	**334,202,663**	**1,953,330,828**	**433,062,671**	**4,967,186**	**2,725,563,348**

Dec. 31, 2012	Individual					
	Overdraft	Credit cards	Personal loans	Real estate loans	Other loans	Total
Beginning balance	20,377,614	42,290,218	76,502,471	11,876,297	1,593,932	152,640,532
Charged (Released) during the year	(9,624,567)	(8,977,018)	68,706	1,500,562	(503,001)	(17,535,318)
Write off during the year	-	(29,454,339)	(2,135,623)	-	-	(31,589,962)
Recoveries during the year	-	4,469,470	-	-	-	4,469,470
Ending balance	**10,753,047**	**8,328,331**	**74,435,554**	**13,376,859**	**1,090,931**	**107,984,722**

Dec. 31, 2012	Corporate				
	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Beginning balance	167,655,394	790,797,773	306,628,666	1,686,738	1,266,768,571
Charged (Released) during the year	39,209,960	420,954,828	178,455,887	336,089	638,956,764
Write off during the year	-	-	(154,721,287)	-	(154,721,287)
Recoveries during the year	-	14,726,449	-	-	14,726,449
Exchange revaluation difference	2,685,874	15,536,889	6,205,339	3,079,081	27,507,183
Ending balance	**209,551,228**	**1,242,015,939**	**336,568,605**	**5,101,908**	**1,793,237,680**

21. Derivative financial instruments

21.1. Derivatives

The Bank uses the following financial derivatives for non hedging purposes.

Forward contracts represents commitments of buying foreign and local currencies including unexecuted spot transactions. Future contracts for foreign currencies and/or interest rates represents contractual commitments to receive or pay net on the basis of changes in foreign exchange rates or interest rates, and/or buying or selling foreign currencies or financial instruments in a future date with a fixed contractual price under active financial market.

Credit risk is considered low, and future interest rate contracts represents future exchange rate contracts negotiated for case by case, these contracts requires financial settlements of any differences in contractual interest rates and prevailing market interest rates on future interest rates on future dates based on contractual amount (nominal value) pre agreed upon.

Foreign exchange and/or interest rate swap represents commitments to exchange cash flows, resulting from these contracts exchange of currencies or interest (fixed rate versus variable rate for example) or both (meaning foreign exchange and interest rate contracts)/contractual amounts are not exchanged except for some foreign exchange contracts.

Credit risk is represented in the expected cost of foreign exchange contracts that takes place if other parties default to fulfill their liabilities. This risk is monitored continuously through comparisons of fair value and contractual amount, and to control the outstanding credit risk, The Bank evaluates other parties using the same methods as in borrowing activities.

Options contracts in foreign currencies and/or interest rates represents contractual agreements for the buyer (issuer) to seller (holders) as a right not an obligations whether to buy (buy option) or to sell (sell option) at a certain day or within certain period for a certain amount in foreign currency or interest rate. Options contracts are either traded in the market or negotiated between The Bank and one of its clients (Off balance sheet). The Bank exposed to credit risk for purchased options contracts only and in the line of its book cost which represent its fair value.

The contractual value for some derivatives options considered a base to compare the realized financial instruments on the balance sheet, but it didn't provide indicator on the projected cash flows of the fair value for current instruments, those amounts doesn't reflects credit risk or interest rate risk.

Derivatives in The Banks benefit represent (assets) conversely it represents (liabilities) as a result of the changes in foreign exchange prices or interest rates related to these derivatives. Contractual / expected total amounts of financial derivatives can fluctuate from time to time and also the range through which the financial derivatives can be in benefit of The Bank or conversely against its benefit and the total fair value of the financial derivatives in assets and liabilities. hereunder are the fair values of the booked financial derivatives.

21.1.1. For trading derivatives

	Dec. 31, 2013			Dec. 31, 2012		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Foreign derivatives						
- Forward foreign exchange contracts	1,250,176,084	13,375,501	18,954,700	1,996,990,255	16,812,998	959,570
- Currency swap	1,990,431,463	22,576,221	12,311,533	1,258,600,443	9,781,221	3,612,239
- Options	38,331,489	13,794,115	13,794,115	770,698,823	7,723,601	7,723,601
Total 1		**49,745,837**	**45,060,348**		**34,317,820**	**12,295,410**
Interest rate derivatives						
- Interest rate swaps	389,501,781	6,679,325	3,744,177	859,324,209	12,630,731	8,739,696
Total 2		**6,679,325**	**3,744,177**		**12,630,731**	**8,739,696**
- Commodity	-	-	-	12,149,920	134,026	134,026
Total 3		-	-		**134,026**	**134,026**
Total assets (liabilities) for trading derivatives (1+2+3)		**56,425,162**	**48,804,525**		**47,082,577**	**21,169,132**

21.1.2. Fair value hedge

Interest rate derivatives						
- Governmental debit instruments hedging	603,658,200	-	57,476,340	549,753,000	-	97,708,858
- Customers deposits hedging	3,847,747,181	46,660,376	8,597,718	4,293,389,812	90,377,184	221,270
Total 4		**46,660,376**	**66,074,058**		**90,377,184**	**97,930,128**
Total financial derivatives (1+2+3+4)		**103,085,538**	**114,878,583**		**137,459,761**	**119,099,260**

21.2. Hedging derivatives

21.2.1. Fair value hedge

The Bank uses interest rate swap contracts to cover part of the risk of potential decrease in fair value of its fixed rate governmental debt instruments in foreign currencies. Net derivative value resulting from the related hedging instruments is EGP 57,476,340 at the December 31, 2013 against EGP 97,708,858 at the December 31, 2012, Resulting in net gain form hedging instruments at the December 31, 2013 EGP 40,232,518 against net loss EGP 19,194,046 at the December 31, 2012. Losses arises from the hedged items at the December 31, 2013 reached EGP 48,856,503 against profits arises EGP 14,842,228 at the December 31, 2012.

The Bank uses interest rate swap contracts to cover part of the risk of potential increase in fair value of its fixed rate customers deposits in foreign currencies. Net derivative value resulting from the related hedging instruments is EGP 38,062,657 at the end of December, 2013 against EGP 90,155,914 at the December 31, 2012, Resulting in net losses form hedging instruments at the December 31, 2013 EGP 52,093,256 against net profit EGP 32,507,675 at the December 31, 2012. Gains arises from the hedged items at the 31 December , 2013 reached EGP 60,223,650 against losses EGP 27,731,731 at the 31 December , 2012.

22. Financial investments

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Available for sale		
- Listed debt instruments with fair value	22,556,422,828	20,607,710,266
- Listed equity instruments with fair value	86,327,447	84,923,090
- Unlisted instruments	720,751,420	469,250,676
Total	**23,363,501,695**	**21,161,884,032**
Held to maturity		
- Listed debt instruments	4,159,661,491	4,144,677,917
- Unlisted instruments	27,512,500	61,075,411
Total	**4,187,173,991**	**4,205,753,328**
Total financial investment	**27,550,675,686**	**25,367,637,360**
- Actively traded instruments	25,948,390,734	23,745,724,106
- Not actively traded instruments	1,602,284,952	1,621,913,254
Total	**27,550,675,686**	**25,367,637,360**
Fixed interest debt instruments	25,791,803,456	23,611,233,775
Floating interest debt instruments	1,097,845,069	1,237,877,696
Total	**26,889,648,525**	**24,849,111,471**

	Available for sale financial investments	Held to maturity financial investments	Total EGP
Beginning balance	15,412,566,069	29,092,920	15,441,658,989
Addition	10,163,193,809	4,176,660,408	14,339,854,217
Deduction (selling - redemptions)	(5,342,793,206)	-	(5,342,793,206)
Exchange revaluation differences for foreign financial assets	60,242,239	-	60,242,239
Profit (losses) from fair value difference	895,941,363	-	895,941,363
Impairment (charges) release	(27,266,242)	-	(27,266,242)
Ending Balance	**21,161,884,032**	**4,205,753,328**	**25,367,637,360**
Beginning balance	21,161,884,032	4,205,753,328	25,367,637,360
Addition	7,463,491,687	-	7,463,491,687
Deduction (selling - redemptions)	(4,518,397,511)	(18,579,337)	(4,536,976,848)
Exchange revaluation differences for foreign financial assets	124,230,792	-	124,230,792
Profit (losses) from fair value difference	(834,813,374)	-	(834,813,374)
Impairment (charges) release	(32,893,931)	-	(32,893,931)
Ending Balance	**23,363,501,695**	**4,187,173,991**	**27,550,675,686**

22.1. Profit (Losses) from financial investments

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Profit (Loss) from selling available for sale financial instruments	1,656,257	519,013
Impairment release (charges) of available for sale equity instruments	(32,893,931)	(27,859,838)
Impairment release (charges) of available for sale debt instruments	-	593,597
Impairment release (charges) of subsidiaries and associates	(349,909,000)	(89,736,000)
Profit (Loss) from selling held to maturity debt investments	(10,074)	(31,018)
Total	**(381,156,748)**	**(116,514,246)**

23. Investments in associates

Dec. 31, 2013	Company's country	Company's assets	Company's liabilities (without equity)	Company's revenues	Company's net profit	Investment book value EGP	Stake %
Subsidiaries							
- CI Capital Holding	Egypt	633,508,232	316,493,573	140,938,905	455,587	428,011,000	99.98
Associates							
- Commercial International Life Insurance	Egypt	2,202,120,593	2,124,146,722	302,442,516	5,621,494	49,020,250	45
- Corplease	Egypt	1,921,220,750	1,723,876,875	378,253,425	16,884,595	75,054,600	43
- Haykala for investment	Egypt	4,573,801	199,111	581,125	478,935	600,000	40
- Egypt Factors	Egypt	434,219,114	379,404,778	32,679,897	425,843	40,590,810	39
- International Co. for Security and Services (Falcon)	Egypt	126,867,912	104,633,380	120,221,686	5,344,162	6,000,000	40
Total		**5,322,510,402**	**4,648,754,439**	**975,117,554**	**29,210,616**	**599,276,660**	

Dec. 31, 2012	Company's country	Company's assets	Company's liabilities (without equity)	Company's revenues	Company's net profit	Investment book value EGP	Stake %
Subsidiaries							
- CI Capital Holding	Egypt	434,893,702	162,263,325	121,446,841	1,611,611	777,920,000	99.98
Associates							
- Commercial International Life Insurance	Egypt	1,768,401,691	1,711,942,438	253,087,786	(969,320)	49,020,250	45
- Corplease	Egypt	1,539,490,355	1,361,597,602	317,924,102	9,974,915	67,527,300	40
- Haykala for Investment	Egypt	3,875,454	180,722	270,000	209,835	600,000	40
- Egypt Factors	Egypt	203,984,151	151,643,286	18,514,114	(3,608,534)	36,966,150	39
- International Co. for Security and Services (Falcon)	Egypt	91,085,635	79,197,211	106,514,090	1,219,081	6,000,000	40
Total		**4,041,730,988**	**3,466,824,584**	**817,756,933**	**8,437,587**	**938,033,700**	

24. Investment property*

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Commercial unit number f 35 in arkadia mall (14 elbahr st. Boulak kornish el nile)	432,000	432,000
338.33 meters on a land and building the property number 16 elmakrizi st. Heliopolis	-	700,000
Land area with 1468.85 meters elsaidi basin -markaz nabrouh eldakahlia	1,121,965	1,121,965
Land and a bulding in elmansoura elnahda street 766.3 meters	3,463,000	3,463,000
Agricultural area 1 feddan 14t and 17.25 shares near el azazi fakous elsharkia	161,000	161,000
Agriculutral area - markaz shebin eldakahlia	4,517,721	4,517,721
Total	**9,695,686**	**10,395,686**

** Including non registered properties by EGP 6,232,686 which were acquired against settlement of loans to customers and legal procedures is taking to registered these properties or sell them during the legal period.*

25. Other assets

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Accrued revenues	1,703,814,782	1,637,781,937
Prepaid expenses	114,869,733	75,319,597
Advances to purchase of fixed assets	134,327,476	96,120,400
Accounts receivable and other assets	906,536,702	640,826,581
Assets acquired as settlement of debts	20,245,803	8,977,329
Total	**2,879,794,496**	**2,459,025,844**

26. Property, plant and equipment

Dec. 31, 2013

	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total
Beginning gross assets (1)	60,575,261	424,861,042	834,806,161	51,772,311	347,435,424	284,157,963	114,072,032	2,117,680,194
Additions (deductions) during the year	3,924,261	214,973,061	158,341,911	7,809,546	49,901,395	40,201,441	7,204,257	482,355,872
Ending gross assets (2)	**64,499,522**	**639,834,103**	**993,148,072**	**59,581,857**	**397,336,819**	**324,359,404**	**121,276,289**	**2,600,036,066**
Accu.depreciation at beginning of the year (3)	-	181,000,079	644,737,344	31,504,412	276,816,541	216,844,425	82,249,497	1,433,152,298
Current year depreciation	-	24,795,643	69,673,132	3,190,986	40,116,114	42,174,027	22,395,350	202,345,252
Accu.depreciation at end of the year (4)	-	**205,795,722**	**714,410,476**	**34,695,398**	**316,932,655**	**259,018,452**	**104,644,847**	**1,635,497,550**
Ending net assets (2-4)	**64,499,522**	**434,038,381**	**278,737,596**	**24,886,459**	**80,404,164**	**65,340,952**	**16,631,442**	**964,538,516**
Beginning net assets (1-3)	**60,575,261**	**243,860,963**	**190,068,817**	**20,267,899**	**70,618,883**	**67,313,538**	**31,822,535**	**684,527,896**
Depreciation rates		**%5**	**%33.3**	**%20**	**%33.3**	**%20**	**%20**	

Net fixed assets value on the balance sheet date includes EGP 87,125,263.61 non registered assets while their registrations procedures are in process.

27. Due to banks

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Current accounts	1,038,717,040	369,862,716
Deposits	334,693,000	1,345,000,000
Total	**1,373,410,040**	**1,714,862,716**
Central banks	3,853,779	7,546,231
Local banks	313,337,889	1,362,363,985
Foreign banks	1,056,218,372	344,952,500
Total	**1,373,410,040**	**1,714,862,716**
Non-interest bearing balances	1,026,035,993	354,394,897
Fixed interest bearing balances	347,374,047	1,360,467,819
Total	**1,373,410,040**	**1,714,862,716**
Current balances	1,038,717,040	369,862,716
Non-current balances	334,693,000	1,345,000,000
Total	**1,373,410,040**	**1,714,862,716**

28. Due to customers

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Demand deposits	23,043,882,291	17,034,550,714
Time deposits	30,507,692,856	24,133,038,485
Certificates of deposit	25,259,128,705	24,299,048,221
Saving deposits	16,786,188,314	12,106,727,204
Other deposits	1,343,377,834	1,261,362,266
Total	**96,940,270,000**	**78,834,726,890**
Corporate deposits	48,394,254,589	36,764,106,988
Individual deposits	48,546,015,411	42,070,619,902
Total	**96,940,270,000**	**78,834,726,890**
Non-interest bearing balances	16,520,500,848	12,157,860,312
Fixed interest bearing balances	80,419,769,152	66,676,866,578
Total	**96,940,270,000**	**78,834,726,890**
Current balances	70,300,955,105	51,976,518,051
Non-current balances	26,639,314,895	26,858,208,839
Total	**96,940,270,000**	**78,834,726,890**

29. Long term loans

	Interest rate %	Maturity date	Maturing through next year EGP	Balance on Dec. 31, 2013 EGP	Balance on Dec. 31, 2012 EGP
Financial Investment & Sector Cooperation (FISC)	3.5 - 5.5 depends on maturity date	3-5 years	555,556	555,556	19,095,238
Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	28,310,000	31,380,000	61,400,000
Social Fund for Development (SFD)	3 months T/D or 9% which is more		35,486,000	100,217,671	-
Total			**64,351,556**	**132,153,227**	**80,495,238**

30. Other liabilities

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Accrued interest payable	574,521,952	436,723,614
Accrued expenses	331,203,778	242,231,936
Accounts payable	471,928,260	467,830,762
Income tax	1,179,708,811	819,361,660
Other credit balances	68,392,690	68,203,599
Total	**2,625,755,491**	**2,034,351,571**

31. Other provisions

Dec. 31, 2013	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance EGP
Provision for income tax claims	6,909,685	-	-	-	-	6,909,685
Provision for legal claims	28,363,664	1,093,932	1,851	(545,510)	(141,521)	28,772,416
Provision for Stamp Duty	-	31,000,000	-	-	-	31,000,000
Provision for contingent	257,900,430	88,074,156	16,745,849	-	-	362,720,435
Provision for other claim*	**17,474,334**	**8,936,407**	**30,556**	**(5,088,275)**	-	**21,353,022**
Total	**310,648,113**	**129,104,495**	**16,778,256**	**(5,633,785)**	**(141,521)**	**450,755,558**

Dec. 31, 2012	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance EGP
Provision for income tax claims	6,909,685	-	-	-	-	6,909,685
Provision for legal claims	35,171,959	4,668,841	11,983	(10,958,065)	(531,054)	28,363,664
Provision for contingent	210,103,042	40,594,505	7,202,883	-	-	257,900,430
Provision for other claim	12,441,223	6,353,586	16,075	(1,336,550)	-	17,474,334
Total	**264,625,909**	**51,616,932**	**7,230,941**	**(12,294,615)**	**(531,054)**	**310,648,113**

** Provision for other claim formed on December 31, 2013 amounted to 8,936,407 EGP to face the potential risk of banking operations against amount 6,353,586 EGP on December 31, 2012 ..*

32. Equity

32.1. Capital

The authorized capital reached EGP 20 billion according to the extraordinary general assembly decision on March 17, 2010.

Issued and Paid in Capital reached EGP 9,002,435,690 to be divided on 900,243,569 shares with EGP 10 par value for each share based on:

- Increase issued and Paid in Capital by amount EGP 2,950,721,800 on July 15, 2010 according to Board of Directors decision on May 12 ,2010 by distribution of one share for every outstanding share by capitalizing on the General Reserve and part of the Legal Reserve.
- Increase issued and Paid in Capital by amount EGP 33,119,390 on July 31, 2011 in according to Board of Directors decision on November 10,2010 by issuance of second tranch for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 37,712,420 on April 9, 2012 in according to Board of Directors decision on December 22,2011 by issuance of third tranch for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 29,348,380 On April 7,2013 to reach EGP 6,001,623,790 according to Board of Directors decision on october 24,2012 by issuance of fourth tranch for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 3,000,811,895 on December 5, 2013 according to Board of Directors decision on May 15 ,2013 by distribution of a one share for every two outstanding shares by capitalizing on the General Reserve.
- The Extraordinary General Assembly approved in the meeting of June 26, 2006 to activate a motivating and rewarding program for the Bank's employees and managers through Employee Share Ownership Plans (ESOP) by issuing a maximum of 5% of issued and paid-in capital at par value ,through 5 years starting year 2006 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.
- The Extraordinary General Assembly approved in the meeting of April 13,2011 continue to activate a motivating and rewarding program for The Bank's employees and managers through Employee Share Ownership Plans (ESOP) by issuing a maximum of 5% of issued and paid- in capital at par value ,through 5 years starting year 2011 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.
- Dividend deducted from shareholders' equity in the Year that the General Assembly approves the dispersment the shareholders of this dividend, which includes staff profit share and remuneration of the Board of Directors stated in the law.

32.2. Reserves

According to The Bank status 5% of net profit is to increase legal reserve until it reaches 50% of The Bank's issued and paid in capital.

Central Bank of Egypt concurrence for usage of special reserve is required.

33. Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Dec. 31, 2013 Assets (Liabilities) EGP	Dec. 31, 2012 Assets (Liabilities) EGP
Fixed assets (depreciation)	(23,992,207)	(18,477,693)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	12,531,360	10,998,616
Other investments impairment	49,219,205	98,979,194
Reserve for employee stock ownership plan (ESOP)	45,997,083	37,633,092
Total	**83,755,441**	**129,133,209**

34. Share-based payments

According to the extraordinary general assembly meeting on June 26, 2006, The Bank launched new Employees Share Ownership Plan (ESOP) scheme and issued equity-settled share-based payments. Eligible employees should complete a term of 3 years of service in The Bank to have the right in ordinary shares at face value (right to share) that will be issued on the vesting date, otherwise such grants will be forfeited. Equity-settled share-based payments are measured at fair value at the grant date, and expensed on a straight-line basis over the vesting period (3 years) with corresponding increase in equity based on estimated number of shares that will eventually vest (True up model). The fair value for such equity instruments is measured using of Black-Scholes pricing model.

Details of the rights to share outstanding during the period are as follows::

	Dec. 31, 2013 No. of shares	Dec. 31, 2012 No. of shares
Outstanding at the beginning of the year	15,439,582	12,676,036
Granted during the year *	12,245,031	7,208,355
Forfeited during the year	(832,456)	(673,567)
Exercised during the year	(2,934,838)	(3,771,242)
Outstanding at the end of the year	**23,917,319**	**15,439,582**

Details of the outstanding tranches are as follows:

Maturity date	EGP Exercise price	EGP Fair value	No. of shares
2014	10.00	14.17	7,929,874
2015	10.00	6.65	10,032,939
2016	10.00	16.84	5,954,506
Total			**23,917,319**

The fair value of granted shares is calculated using Black-Scholes pricing model with the following:

	7th tranche	6th tranche
Exercise price	10	10
Current share price	34.57	18.7
Expected life (years)	3	3
Risk free rate %	14.49%	16.15%
Dividend yield%	2.89%	5.35%
Volatility%	40%	38%

Volatility is calculated based on the daily standard deviation of returns for the last three years.

** The equity instruments fair value and number of shares for the fifth, sixth and seventh trenches have been adjusted to reflect the dilution effect of the Stock dividend that took place in 2013.*

35. Reserves and retained earnings

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Legal reserve	490,364,921	380,348,755
General reserve	406,242,752	2,037,107,372
Retained earnings (losses)	-	1,001,979
Special reserve	27,366,759	117,805,566
Reserve for A.F.S investments revaluation difference	(720,468,079)	153,506,781
Banking risks reserve	1,990,756	103,716,932
Total	**205,497,109**	**2,793,487,385**

35.1. Banking risks reserve

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Beginning balance	103,716,932	281,689,619
Transferred from profits	(101,726,176)	(177,972,687)
Ending balance	**1,990,756**	**103,716,932**

35.2. Legal reserve

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Beginning balance	380,348,755	231,344,896
Transfer from special reserve	-	61,697,292
Transferred from previous year profits	110,016,166	87,306,567
Ending balance	**490,364,921**	**380,348,755**

35.3. Reserve for A.F.S investments revaluation difference

	Dec. 31, 2013	Dec. 31, 2012
Beginning balance	153,506,781	(723,070,818)
Unrealized gains (losses) from A.F.S investment revaluation	(873,974,860)	876,577,599
Ending balance	**(720,468,079)**	**153,506,781**

35.4. Retained earnings (losses)

	Dec. 31, 2013	Dec. 31, 2012
Beginning balance	1,001,979	15,105,920
Dividend previous year	(1,001,979)	(15,105,920)
Transferred from special reserve	-	1,001,979
Ending balance	**-**	**1,001,979**

36. Cash and cash equivalent

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Cash and balances with Central Bank	4,796,240,354	5,393,974,124
Due from banks	8,893,670,965	7,957,710,034
Treasury bills and other governmental notes	23,654,812,174	7,978,030,413
Obligatory reserve balance with CBE	(3,224,658,841)	(3,093,283,199)
Due from banks (time deposits) more than three months	(5,148,331,397)	(4,637,273,016)
Treasury bills with maturity more than three months	(17,212,737,025)	(8,063,078,261)
Total	**11,758,996,230**	**5,536,080,095**

37. Contingent liabilities and commitments

37.1. Legal claims

There are a number of existing cases filed against the bank on December.31,2013 without provision as it's not expected to make any losses from it.

37.2. Capital commitments

37.2.1. Financial investments

The capital commitments for the financial investments reached on the date of financial position EGP 42,693,921 as follows:

	Investments value EGP	Paid EGP	Remaining EGP
Available for sale financial investments	101,813,351	59,119,430	42,693,921

37.2.2.Fixed assets and branches constructions

TThe value of commitments for the purchase of fixed assets contracts and branches constructions that have not been implemented till the date of financial statement amounted to EGP 49,361,799.

37.3. Letters of credit, guarantees and other commitments

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Letters of guarantee	14,959,372,507	12,787,562,199
Letters of credit (import and export)	750,766,099	933,297,936
Customers acceptances	472,350,554	1,176,928,870
Total	**16,182,489,160**	**14,897,789,005**

38. Mutual funds

Osoul fund

- The Bank established an accumulated return mutual fund under license no.331 issued from capital market authority on February 22, 2005 CI Assets Management Co.- Egyptian joint stock co-manages the fund.
- The number of certificates issued reached 23,984,353 with redeemed value EGP 5,151,359,337.
- The market value per certificate reached EGP 214.78 on December 31, 2013.
- The Bank portion got 601,064 certificates with redeemed value EGP 129,096,526.

Istethmar fund

- CIB bank established the second accumulated return mutual fund under license no.344 issued from capital market authority on February 26, 2006. CI Assets Management Co.- Egyptian joint stock co-manages the fund.
- The number of certificates issued reached 2,192,761 with redeemed value EGP 160,619,743.
- The market value per certificate reached EGP 73.25 on December 31, 2013.
- The Bank portion got 194,744 certificates with redeemed value EGP 14,264,998.

Aman fund (CIB and Faisal Islamic Bank Mutual Fund)

- The Bank and Faisal Islamic Bank established an accumulated return mutual fund under license no.365 issued from capital market authority on July 30, 2006. CI Assets Management Co.- Egyptian joint stock co-manages the fund.
- The number of certificates issued reached 677,076 with redeemed value EGP 32,797,561.
- The market value per certificate reached EGP 48.44 on December 31, 2013.
- The Bank portion got 71,943 certificates with redeemed value EGP 3,484,919.

Hemaya fund

- CIB bank established an accumulated return mutual fund under license no.585 issued from financial supervisory Authority on June 23, 2010. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 174,507 with redeemed value EGP 22,715,576.
- The market value per certificate reached EGP 130.17 on December 31, 2013.
- The Bank portion got 50,000 certificates with redeemed value EGP 6,508,500.

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Thabat fund

- CIB bank established an accumulated return mutual fund under license no.613 issued from financial supervisory authority on September 13, 2011. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 692,432 with redeemed value EGP 91,255,613.
- The market value per certificate reached EGP 131.79 on December 31, 2013.
- The Bank portion got 52,404 certificates with redeemed value EGP 6,906,323..

39. Transactions with related parties

All banking transactions with related parties are conducted in accordance with the normal banking practices and regulations applied to all other customers without any discrimination.

39.1. Loans, advances, deposits and contingent liabilities

	EGP
Loans and advances	798,500,693
Deposits	255,620,430
Contingent liabilities	74,610,853

39.2. Other transactions with related parties

	Income EGP	Expenses EGP
International Co. for Security & Services	1,120,494	39,767,569
Corplease Co.	63,349,222	48,194,625
Commercial International Life Insurance Co.	2,450,265	1,170,156
Commercial International Brokerage Co.	9,365,639	4,845,660
Dynamics Company	1,303,059	824,049
Egypt Factors	8,378,800	6,436,956
CI Assets Management	119,362	11,266
Commercial International Capital Holding Co.	3,176,971	1,998,015

40. Tax status

- The Bank's corporate income tax position has been examined and settled with the tax authority from the start up of operations up to the end of year 1984.
- Corporate income tax for the years from 1985 up to 2000 were paid according to the tax appeal committee decision and the disputes are under discussion in the court of law.
- The Bank's corporate income tax position has been examined and settled with the tax authority from Year 2001 up to Year 2006.
- The Bank pays salary tax according to concerning domestic regulations and laws, and the disputes are under discussion in the court of ow
- The Bank stamp duty tax calculated according to concerning domestic regulations and laws,and settlement done in time according to the law, and the disputes are under discussion in the court of law .

41. Main currencies positions

	Dec. 31, 2013 In thousand EGP	Dec. 31, 2012 In thousand EGP
Egyptian pound	(34,719)	12,800
US dollar	6,897	(10,376)
Sterling pound	21,249	1,670
Japanese yen	242	(67)
Swiss franc	(297)	179
Euro	2,247	8,598

Allied for Accounting & Auditing E&Y
Public accountants & consultants

KPMG Hazem Hassan
Public accountants & consultants

AUDITORS' REPORT

To the Shareholders of
Commercial International Bank (Egypt)

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Commercial International Bank (Egypt) S.A.E, which comprise the consolidated balance sheet as at 31 December 2013, and the consolidated statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the consolidated Financial Statements

These consolidated financial statements are the responsibility of Bank's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation & the financial statements, issued on December 16, 2008 and in light of the prevailing Egyptian laws , management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Allied for Accounting & Auditing E&Y
Public accountants & consultants

KPMG Hazem Hassan
Public accountants & consultants

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Commercial International Bank (Egypt) as of December 31, 2013 and of its financial performance and its cash flows for the year then ended in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation & the financial statements, issued on December 16, 2008 and the Egyptian laws and regulations relating to the preparation of these financial statements.

Auditors

Emad Hafez Ragheb
Egyptian Financial Supervisory Authority
Register Number "42"
Allied For Accounting & Auditing E & Y
Public Accountants & Consultants

Mostafa Hassan Farrag
Egyptian Financial Supervisory Authority
Register Number "99"
KPMG Hazem Hassan
Public Accountants & Consultants

Cairo, 11 February 2014

Commercial International Bank (Egypt) S.A.E

Consolidated balance sheet on December 31, 2013

	Notes	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Assets			
Cash and balances with Central Bank	15	4,804,974,237	5,393,974,124
Due from banks	16	9,003,950,890	8,047,820,388
Treasury bills and other governmental notes	17	23,665,428,816	8,017,754,432
Trading financial assets	18	2,286,484,581	1,515,325,502
Loans and advances to banks	19	132,422,732	1,178,867,739
Loans and advances to customers	20	41,733,251,712	40,698,313,773
Derivative financial instruments	21	103,085,538	137,459,761
Financial investments			
- Available for sale	22	23,378,104,482	21,177,427,597
- Held to maturity	22	4,197,176,655	4,215,787,960
Investments in associates	23	192,752,878	165,198,634
Brokerage clients - debit balances		270,811,253	134,944,510
Reconciliation accounts- debit balances		28,778,971	-
Investment property	24	9,695,686	10,395,686
Other assets	25	2,892,342,882	2,474,945,065
Intangible Assets	40	-	33,422,415
Deferred tax	33	83,557,219	71,450,183
Property, plant and equipment	26	969,176,894	683,455,846
Total assets		**113,751,995,426**	**93,956,543,615**
Liabilities and equity			
Liabilities			
Due to banks	27	1,373,410,040	1,714,862,716
Due to customers	28	96,845,683,408	78,729,121,488
Brokerage clients - credit balances		167,378,879	124,759,011
Reconciliation accounts - credit balances		-	1,664,718
Derivative financial instruments	21	114,878,583	119,099,260
Other liabilities	30	2,656,665,468	2,059,005,013
Long term loans	29	132,153,227	80,495,238
Other provisions	31	454,699,000	315,488,382
Total liabilities		**101,744,868,605**	**83,144,495,826**
Equity			
Issued and paid in capital	32	9,002,435,690	5,972,275,410
Reserves	32	307,060,175	2,970,163,921
Reserve for employee stock ownership plan (ESOP)		190,260,457	164,761,121
Retained earnings (losses)		(546,531,497)	(568,853,097)
Total equity		**8,953,224,825**	**8,538,347,355**
Net profit for the year after tax		3,006,487,540	2,226,180,503
Total equity and net profit for year		**11,959,712,365**	**10,764,527,858**
Minority interest		47,414,456	47,519,931
Total minority interest, equity and net profit for year		**12,007,126,821**	**10,812,047,789**
Total liabilities, equity and minority interest		**113,751,995,426**	**93,956,543,615**
Contingent liabilities and commitments			
Letters of credit, guarantees and other commitments	37	16,182,439,160	14,897,739,005

The accompanying notes are an integral part of these financial statements.

Hisham Ezz El-Arab
Chairman and Managing Director

Commercial International Bank (Egypt) S.A.E

Consolidated income statement for the year ended on December 31, 2013

	Notes	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Interest and similar income		9,520,697,141	7,859,311,839
Interest and similar expense		(4,466,949,161)	(3,945,685,636)
Net interest income	6	**5,053,747,980**	**3,913,626,203**
Fee and commission income		1,436,107,685	1,033,628,014
Fee and commission expense		(128,827,179)	(107,365,742)
Net fee and commission income	7	**1,307,280,506**	**926,262,272**
Dividend income	8	22,609,614	33,110,823
Net trading income	9	767,392,333	574,575,176
Profit (Losses) from financial investments	22	(28,672,126)	(26,909,306)
Goodwill Amortization		-	(10,426,511)
Administrative expenses	10	(1,850,944,036)	(1,559,401,781)
Other operating (expenses) income	11	(162,330,554)	(103,307,092)
Impairment (charge) release for credit losses	12	(915,581,874)	(609,971,077)
Intangible Assets Amortization		(33,422,415)	(82,990,084)
Bank's share in the profits of associates		16,402,285	26,348,545
Profit before income tax		**4,176,481,713**	**3,080,917,168**
Income tax expense	13	(1,182,253,358)	(887,265,476)
Deferred tax	33 & 13	12,148,228	33,338,781
Net profit for the year		**3,006,376,583**	**2,226,990,473**
Minority interest		(110,957)	809,970
Bank shareholders		**3,006,487,540**	**2,226,180,503**
Earning per share	14		
Basic		2.67	2.34
Diluted		2.63	2.31

Hisham Ezz El-Arab
Chairman and Managing Director

Commercial International Bank (Egypt) S.A.E

Consolidated cash flow for the year ended on December 31, 2013

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Cash flow from operating activities		
Profit before income tax	4,176,481,713	3,080,917,168
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	206,979,088	168,382,905
Impairment charge for credit losses	915,581,874	609,971,077
Other provisions charges	132,957,495	51,872,777
Trading financial investments revaluation differences	11,861,371	(86,525,026)
Intangible assets amortization	33,422,415	82,990,084
Goodwill amortization	-	10,426,511
Available for sale and held to maturity investments exchange revaluation differences	(124,230,792)	(60,242,239)
Financial investments impairment charge (release)	(6,136,494)	8,033,536
Utilization of other provisions	(10,383,612)	(13,886,192)
Other provisions no longer used	(141,521)	(531,054)
Exchange differences of other provisions	16,778,256	7,230,941
Profits from selling property, plant and equipment	(740,692)	(2,387,583)
Profits from selling financial investments	(4,362,940)	(519,013)
Shares based payments	89,181,563	79,068,829
Investments in associates revaluation	(20,026,945)	-
Real estate investments impairment charges	-	(371,000)
Operating profits before changes in operating assets and liabilities	**5,417,220,779**	**3,934,431,721**
Net decrease (increase) in assets and liabilities		
Due from banks	(642,434,022)	521,695,379
Treasury bills and other governmental notes	(9,149,658,764)	758,289,224
Trading financial assets	(783,020,450)	(753,475,026)
Derivative financial instruments	30,153,546	13,896,165
Loans and advances to banks and customers	(904,074,806)	(1,421,772,116)
Other assets	(544,594,696)	(1,015,446,313)
Due to banks	(341,452,676)	(1,625,931,801)
Due to customers	18,116,561,920	7,261,186,229
Other liabilities	(543,778,286)	(156,424,620)
Net cash provided from operating activities	**10,654,922,545**	**7,516,448,842**
Cash flow from investing activities		
Purchase of subsidiary and associates	(7,527,299)	(58,522,467)
Purchases of property, plant and equipment	(529,367,091)	(211,873,420)
Redemption of held to maturity financial investments	18,611,305	-
Purchases of held to maturity financial investments	-	(4,176,628,441)
Purchases of available for sale financial investments	(7,463,491,687)	(10,169,757,165)
Proceeds from selling available for sale financial investments	4,523,701,229	5,343,312,219
Proceeds from selling real estate investments	700,000	2,750,000
Net cash generated from (used in) investing activities	**(3,457,373,543)**	**(9,270,719,274)**
Cash flow from financing activities		
Increase (decrease) in long term loans	51,657,989	(18,838,138)
Dividend paid	(1,055,843,162)	(806,206,518)
Capital increase	29,348,380	37,712,420
Net cash generated from (used in) financing activities	**(974,836,793)**	**(787,332,236)**
Net increase (decrease) in cash and cash equivalent during the year	6,222,712,209	(2,541,602,668)
Beginning balance of cash and cash equivalent	5,665,914,467	8,207,517,133
Cash and cash equivalent at the end of the year	**11,888,626,676**	**5,665,914,465**

Commercial International Bank (Egypt) S.A.E

Consolidated cash flow for the year ended on December 31, 2013 (Cont.)

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Cash and cash equivalent comprise:		
Cash and balances with Central Bank	4,804,974,237	5,393,974,124
Due from banks	9,003,950,890	8,047,820,388
Treasury bills and other governmental notes	23,665,428,816	8,017,754,432
Obligatory reserve balance with CBE	(3,224,658,841)	(3,093,283,199)
Due from banks (time deposits) more than three months	(5,148,331,396)	(4,637,273,016)
Treasury bills with maturity more than three months	(17,212,737,030)	(8,063,078,264)
Total cash and cash equivalent	**11,888,626,676**	**5,665,914,465**

Commercial International Bank (Egypt) S.A.E

Consolidated statement of changes in shareholders' equity for the year ended on December 31, 2013

Dec. 31, 2013	Capital	Legal reserve	General reserve	Retained earnings (losses)	Special reserve	Reserve For A.F.S investments revaluation diff.	Banking risks reserve	Net profit of the year	Reserve for employee stock ownership plan	Total Shareholders Equity	Minority Interest	Total EGP
Beginning balance	**5,972,275,410**	**380,348,755**	**2,036,955,188**	**(568,853,097)**	**117,805,566**	**153,364,794**	**103,716,932**	**2,404,153,189**	**164,761,121**	**10,764,527,858**	**47,519,931**	**10,812,047,789**
Capital increase	3,030,160,280	-	(3,000,811,900)	-	-	-	-	-	-	**29,348,380**	-	**29,348,380**
Transferred to reserves	-	110,016,166	1,277,120,890	-	2,387,583	-	-	(1,325,842,412)	(63,682,227)	-	-	-
Transferred to retained earnings (losses)	-	-	-	23,469,594	-	-	-	(23,469,594)	-	-	-	-
Dividend paid	-	-	-	(1,001,979)	-	-	-	(1,054,841,183)	-	**(1,055,843,162)**	-	**(1,055,843,162)**
Net profit of the year	-	-	-	-	-	-	-	3,006,487,540	-	**3,006,487,540**	(110,957)	**3,006,376,583**
Transfer from special reserve	-	-	92,826,390	-	(92,826,390)	-	-	-	-	-	-	-
Change during the period	-	-	-	(146,015)	-	-	-	-	-	**(146,015)**	5,482	**(140,533)**
Net change at fair value of AFS financial investment	-	-	-	-	-	(873,843,799)	-	-	-	**(873,843,799)**	-	**(873,843,799)**
Transferred (from) to bank risk reserve	-	-	-	-	-	-	(101,726,176)	101,726,176	-	-	-	-
Reserve for employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	89,181,563	**89,181,563**	-	**89,181,563**
Balance at the end of the year	**9,002,435,690**	**490,364,921**	**406,090,568**	**(546,531,497)**	**27,366,759**	**(720,479,005)**	**1,990,756**	**3,108,213,716**	**190,260,457**	**11,959,712,364**	**47,414,456**	**12,007,126,821**

Commercial International Bank (Egypt) S.A.E

Consolidated statement of changes in shareholders' equity for the year ended on December 31, 2012

Dec. 31, 2012	Capital	Legal reserve	General reserve	Intangible assets value for bank share before acquisition	Retained earnings (losses)	Special reserve	Reserve For A.F.S investments revaluation diff.	Banking risks reserve	Net profit of the year	Reserve for employee stock ownership plan	Total Share-holders Equity	Minority Interest	Total EGP
Beginning balance	**5,934,562,990**	**231,344,896**	**1,234,122,776**	**302,794,421**	**(362,379,298)**	**185,931,315**	**(723,343,863)**	**281,689,619**	**1,490,041,219**	**137,354,418**	**8,712,118,492**	**46,356,546**	**8,758,475,039**
Capital increase	37,712,420	-	-	-	-	-	-	-	-	-	**37,712,420**	-	**37,712,420**
Transferred to reserves	-	87,306,567	794,689,187	-	-	2,716,747	-	-	(833,050,374)	(51,662,127)	-	-	-
Transferred to retained earnings (losses)	-	-	-	-	(134,109,753)	-	-	-	134,109,753	-	-	-	-
Dividend paid	-	-	-	-	(15,105,920)	-	-	-	(791,100,598)	-	**(806,206,518)**	-	**(806,206,518)**
Net profit of the year	-	-	-	-	-	-	-	-	2,226,180,503	-	**2,226,180,503**	809,971	**2,226,990,474**
Transfer from special reserve	-	61,697,292	8,143,225	-	1,001,979	(70,842,496)	-	-	-	-	-	-	-
Change during the period	-	-	-	-	(58,260,105)	-	-	-	-	-	**(353,414)**	353,414	**(57,906,691)**
Addition from financial investment revaluation	-	-	-	-	-	-	876,708,657	-	-	-	**876,708,657**	-	**876,708,657**
Transferred to bank risk reserve	-	-	-	-	-	-	-	(177,972,687)	177,972,687	-	-	-	-
Reserve for employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	-	79,068,829	**79,068,829**	-	**79,068,829**
Settlement of Intangible assets value for bank share before acquisition	-	-	-	(302,794,421)	-	-	-	-	-	-	**(302,794,421)**	-	**(302,794,421)**
Balance at the end of the year	**5,972,275,410**	**380,348,755**	**2,036,955,188**	-	**(568,853,097)**	**117,805,566**	**153,364,794**	**103,716,932**	**2,404,153,189**	**164,761,121**	**10,764,527,858**	**47,519,931**	**10,812,047,789**

FINANCIAL STATEMENTS: CONSOLIDATED

Notes to the consolidated financial statements for the year ended on December 31, 2013

1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 125 branches, and 27 units employing 5193 employees at the balance sheet date.

Commercial international Bank (Egypt) S.A.E. was formed as a commercial bank under the investment law no. 43 of 1974. The address of its registered head office is as follows: Nile tower, 21/23 Charles de Gaulle Street-Giza. The Bank is listed in the Egyptian stock exchange.

CI Capital Holding Co S.A.E it was established as a joint stock company on April 9th, 2005 under the capital market law no. 95 of 1992 and its executive regulations. Financial register no. 166798 on April 10th, 2005 and the company have been licensed by the Capital Market Authority to carry out its activities under license no. 353 on May 24th, 2006.

As of December 31, 2013 the Bank directly owns 54,988,500 shares representing 99.98% of CI Capital Holding Company's capital and on December 31, 2013 CI Capital Holding Co. Directly owns the following shares in its subsidiaries:

Company name	No. of shares	Ownership%	Indirect Share%
CIBC Co.	579,570	96.60	96.58
CI Assets Management	478,577	95.72	95.70
CI Investment Banking Co.	2,481,578	99.26	99.24
Dynamic Brokerage Co.	3,393,500	99.97	99.95

2. Summary of accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Egyptian financial reporting standards issued in 2006 and its amendments and in accordance with the instructions of the Central Bank of Egypt approved by the Board of Directors on December 16, 2008 consistent with the principles referred to.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of trading, financial assets and liabilities held at fair value through profit or loss, available for sale and all derivatives contracts.

2.1.1. Basis of consolidation

The method of full consolidation is the basis of the preparation of the consolidated financial statement of the Bank, given that the Bank's acquisition proportion is 99.98 % (full control) in CI Capital Holding.

Consolidated financial statements consist of the financial statements of Commercial International Bank and consolidated financial statements of CI Capital Holding and its subsidiaries. Control is achieved through the Bank's ability to control the financial and operational policies of the companies that the Bank invests in it in order to obtain benefits from its activities. The basis of the consolidation is as follows:

- Eliminating all balances and transactions between the Bank and group companies.
- The cost of acquisition of subsidiary companies is based on the company's share in the fair value of assets acquired and obligations outstanding on the acquisition date.
- Minority shareholders represent the rights of others in subsidiary companies.
- Proportional consolidation is used in consolidating method for companies under joint control.

2.2. Subsidiaries and associates

2.2.1. Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Bank has owned directly or indirectly the control to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank has the ability to control the entity or not.

2.2.2. Associates

Associates are all entities over which the Bank has significant influence but do not reach to the extent of control, generally accompanying a shareholding between 20% and 50% of the voting rights.

The acquisition method of accounting is used to account for the purchase of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed, plus any costs directly related to the acquisition. The excess of the cost of an acquisition over the Bank share of the fair value of the identifiable net assets acquired is recorded as goodwill. A gain on acquisition is recognized in profit or loss if there is an excess of the Bank's share of the fair value of the identifiable net assets acquired over the cost of the acquisition.

The cost method is applied to account for investments in subsidiaries and associates, whereby, investments are recorded based on the acquisition cost including any goodwill, deducting any impairment losses, and dividends are recorded in the income statement in the adoption of the distribution of these profits and evidence of the Bank right to collect them.

2.3. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

2.4. Foreign currency translation

2.4.1. Functional and presentation currency

The financial statements are presented in Egyptian pound, which is the Bank's functional and presentation currency.

2.4.2. Transactions and balances in foreign currencies

The Bank maintains its accounting records in Egyptian pound. Transactions in foreign currencies during the period are translated into the Egyptian pound using the prevailing exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the end of reporting period at the prevailing exchange rates. Foreign exchange gains and losses resulting from settlement and translation of such transactions and balances are recognized in the income statement and reported under the following line items:

- Net trading income from held-for-trading assets and liabilities.
- Other operating revenues (expenses) from the remaining assets and liabilities.

Changes in the fair value of investments in debt instruments; which represent monetary financial instruments, denominated in foreign currencies and classified as available for sale assets are analyzed into valuation differences resulting from changes in the amortized cost of the instrument, differences resulting from changes in the applicable exchange rates and differences resulting from changes in the fair value of the instrument.

Valuation differences resulting from changes in the amortized cost are recognized and reported in the income statement in 'income from loans and similar revenues' whereas differences resulting from changes in foreign exchange rates are recognized and reported in 'other operating revenues (expenses)'. The remaining differences resulting from changes in fair value are deferred in equity and accumulated in the 'revaluation reserve of available-for-sale investments'.

Valuation differences resulting from the non-monetary items include gains and losses of the change in fair value of such equity instruments held at fair value through profit and loss, as for recognition of the differences of valuation resulting from equity instruments classified as financial investments available for sale within the fair value reserve in equity.

2.5. Financial assets

The Bank classifies its financial assets in the following categories:

- Financial assets designated at fair value through profit or loss.
- Loans and receivables.
- Held to maturity investments.
- Available for sale financial investments.

Management determines the classification of its investments at initial recognition.

2.5.1. Financial assets at fair value through profit or loss

This category has two sub-categories:

- Financial assets held for trading.
- Financial assets designated at fair value through profit and loss at inception.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the short term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit making. Derivatives are also categorized as held for trading unless they are designated as hedging instruments.

Financial instruments, other than those held for trading, are classified as financial assets designated at fair value through profit and loss if they meet one or more of the criteria set out below:

- When the designation eliminates or significantly reduces measurement and recognition inconsistencies that would arise from measuring financial assets or financial liabilities, on different bases. under this criterion, an accounting mismatch would arise if the debt securities issued were accounted for at amortized cost, because the related derivatives are measured at fair value with changes in the fair value recognized in the income statement. The main classes of financial instruments designated by the Bank are loans and advances and long-term debt issues.
- Applies to groups of financial assets, financial liabilities or combinations thereof that are managed, and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy, and where information about the groups of financial instruments is reported to management on that basis.
- Relates to financial instruments containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments, including certain debt issues and debt securities held.

Any financial derivative initially recognized at fair value can't be reclassified during the holding period. Re-classification is not allowed for any financial instrument initially recognized at fair value through profit and loss.

2.5.2. Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the Bank intends to sell immediately or in the short term, which is classified as held for trading, or those that the Bank upon initial recognition designates as at fair value through profit or loss.
- Those that the Bank upon initial recognition designates as available for sale; or
- Those for which the holder may not recover substantially all of its initial investment, other than credit deterioration.

2.5.3. Held to maturity financial investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold till maturity. If the Bank has to sell other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available for sale unless in necessary cases subject to regulatory approval.

2.5.4. Available for sale financial investments

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

The following are applied in respect to all financial assets:

Debt securities and equity shares intended to be held on a continuing basis, other than those designated at fair value, are classified as available-for-sale or held-to-maturity. Financial investments are recognized on trade date, when the group enters into contractual arrangements with counterparties to purchase securities.

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Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or when the Bank transfers substantially all risks and rewards of the ownership. Financial liabilities are derecognized when they are extinguished, that is, when the obligation is discharged, cancelled or expired.

Available-for-sale, held–for-trading and financial assets designated at fair value through profit and loss are subsequently measured at fair value. Loans and receivables and held-to-maturity investments are subsequently measured at amortized cost.

Gains and losses arising from changes in the fair value of the 'financial assets designated at fair value through profit or loss' are recognized in the income statement in 'net income from financial instruments designated at fair value'. Gains and losses arising from changes in the fair value of available for sale investments are recognized directly in equity, until the financial assets are either sold or become impaired. When available-for-sale financial assets are sold, the cumulative gain or loss previously recognized in equity is recognized in profit or loss.

Interest income is recognized on available for sale debt securities using the effective interest method, calculated over the asset's expected life. Premiums and discounts arising on the purchase are included in the calculation of effective interest rates. Dividends are recognized in the income statement when the right to receive payment has been established.

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, or no current demand prices available the Bank measures fair value using valuation models. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation models commonly used by market participants. If the Bank has not been able to estimate the fair value of equity instruments classified available for sale, value is measured at cost less any impairment in value.

Available for sale investments that would have met the definition of loans and receivables at initial recognition may be reclassified out to loans and advances or financial assets held to maturity. In all cases, when the Bank has the intent and ability to hold these financial assets in the foreseeable future or till maturity. The financial asset is reclassified at its fair value on the date of reclassification, and any profits or losses that has been recognized previously in equity, is treated based on the following:

- If the financial asset has a fixed maturity, gains or losses are amortized over the remaining life of the investment using the effective interest rate method. In case of subsequent impairment of the financial asset, the previously recognized unrealized gains or losses in equity are recognized directly in the profits and losses.
- In the case of financial asset which has infinite life, any previously recognized profit or loss in equity will remain until the sale of the asset or its disposal, in the case of impairment of the value of the financial asset after the re-classification, any gain or loss previously recognized in equity is recycled to the profits and losses.
- If the Bank adjusts its estimates of payments or receipts of a financial asset that in return adjusts the carrying amount of the asset (or group of financial assets) to reflect the actual cash inflows, the carrying value is recalculated based on the present value of estimated future cash flows at the effective yield of the financial instrument and the differences are recognized in profit and loss.
- In all cases, if the Bank re-classifies financial asset in accordance with the above criteria and increases its estimate of the proceeds of future cash flow, this increase adjusts the effective interest rate of this asset only without affecting the investment book value.

2.6. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to offset the recognized amounts and there is an intention to be settled on a net basis.

2.7. Derivative financial instruments and hedge accounting

Derivatives are recognized initially, and subsequently, at fair value. Fair values of exchange traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including discounted cash flow models and option pricing models. Derivatives are classified as assets when their fair value is positive and as liabilities when their fair value is negative.

Embedded derivatives in other financial instruments, such as conversion option in a convertible bond, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, provided that the host contract is not classified as at fair value through profit and loss. These embedded derivatives are measured at fair value with changes in fair value recognized in income statement unless the Bank chooses to designate the hybrid contact as at fair value through net trading income in profit or loss.

The timing of recognition in profit and loss, of any gains or losses arising from changes in the fair value of derivatives, depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. The Bank designates certain derivatives as:

- Hedging instruments of the risks associated with fair value changes of recognized assets or liabilities or firm commitments (fair value hedge).
- Hedging of risks relating to future cash flows attributable to a recognized asset or liability or a highly probable forecast transaction (cash flow hedge)
- Hedge accounting is used for derivatives designated in a hedging relationship when the following criteria are met.

At the inception of the hedging relationship, the Bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore,

At the inception of the hedge, and on ongoing basis, the Bank documents whether the hedging instrument is expected to be highly effective in offsetting changes in fair values of the hedged item attributable to the hedged risk.

2.7.1. Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recognized in profit or loss immediately together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The effective portion of changes in the fair value of the interest rate swaps and the changes in the fair value of the hedged item attributable to the hedged risk are recognized in the 'net interest income' line item of the income statement. Any ineffectiveness is recognized in profit or loss in 'net trading income'.

When the hedging instrument is no longer qualified for hedge accounting, the adjustment to the carrying amount of a hedged item, measured at amortized cost, arising from the hedged risk is amortized to profit or loss from that date using the effective interest method.

2.7.2. Derivatives that do not qualify for hedge accounting

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognized immediately in the income statement. These gains and losses are reported in 'net trading income', except where derivatives are managed in conjunction with financial instruments designated at fair value , in which case gains and losses are reported in 'net income from financial instruments designated at fair value'.

2.8. Interest income and expense

Interest income and expense for all financial instruments except for those classified as held-for-trading or designated at fair value are recognized in 'interest income' and 'interest expense' in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that represents an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once loans or debts are classified as nonperforming or impaired, the revenue of interest income will not be recognized and will be recorded off balance sheet, and are recognized as income subsequently based on a cash basis according to the following:

- When all arrears are collected for consumer loans, personnel mortgages and micro-finance loans.
- •When calculated interest for corporate are capitalized according to the rescheduling agreement conditions until paying 25% from rescheduled payments for a minimum performing period of one year, if the customer continues to perform, the calculated interest will be recognized in interest income (interest on the performing rescheduling agreement balance) without the marginalized before the rescheduling agreement which will be recognized in interest income after the settlement of the outstanding loan balance.

2.9. Fee and commission income

Fees charged for servicing a loan or facility that is measured at amortized cost, are recognized as revenue as the service is provided. Fees and commissions on non-performing or impaired loans or receivables cease to be recognized as income and are rather recorded off balance sheet. These are recognized as revenue, on a cash basis, only when interest income on those loans is recognized in profit and loss, at that time, fees and commissions that represent an integral part of the effective interest rate of a financial asset, are treated as an adjustment to the effective interest rate of that financial asset.

Commitment fees and related direct costs for loans and advances where draw down is probable are deferred and recognized as an adjustment to the effective interest on the loan once drawn. Commitment fees in relation to facilities where draw down is not probable are recognized at the maturity of the term of the commitment.

Fees are recognized on the debt instruments that are measured at fair value through profit and loss on initial recognition and syndicated loan fees received by the Bank are recognized when the syndication has been completed and the Bank does not hold any portion of it or holds a part at the same effective interest rate used for the other participants portions.

Commission and fee arising from negotiating, or participating in the negotiation of a transaction for a third party such as the arrangement of the acquisition of shares or other securities or the purchase or sale of properties are recognized upon completion of the underlying transaction in the income statement .

Other management advisory and service fees are recognized based on the applicable service contracts, usually on accrual basis. Financial planning fees related to investment funds are recognized steadily over the period in which the service is provided. The same principle is applied for wealth management; financial planning and custody services that are provided on the long term are recognized on the accrual basis also.

Operating revenues in the holding company are:

- Commission income is resulting from purchasing and selling securities to a customer account upon receiving the transaction confirmation from the Stock Exchange.
- Mutual funds and investment portfolios management which is calculated as a percentage of the net value of assets under management according to the terms and conditions of agreement. These amounts are credited to the assets management company's revenue pool on a monthly accrual basis.

2.10. Dividend income

Dividends are recognized in the income statement when the right to collect is established.

2.11. Sale and repurchase agreements

Securities may be lent or sold subject to a commitment to repurchase (Repos) are reclassified in the financial statements and deducted from treasury bills balance. Securities borrowed or purchased subject to a commitment to resell them (Reverse Repos) are reclassified in the financial statements and added to treasury bills balance. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method..

2.12. Impairment of financial assets

2.12.1. Financial assets carried at amortised cost

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event/s') and that loss event/s has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

- Cash flow difficulties experienced by the borrower (for example, equity ratio, net income percentage of sales)
- Violation of the conditions of the loan agreement such as non-payment.
- Initiation of Bankruptcy proceedings.
- Deterioration of the borrower's competitive position.

- The Bank for reasons of economic or legal financial difficulties of the borrower by granting concessions may not agree with the Bank granted in normal circumstances.
- Deterioration in the value of collateral or deterioration of the creditworthiness of the borrower.

The objective evidence of impairment loss for a group of financial assets is observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, for instance an increase in the default rates for a particular Banking product.

The Bank estimates the period between a losses occurring and its identification for each specific portfolio. In general, the periods used vary between three months to twelve months.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant and in this field the following are considered:

- If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment according to historical default ratios.
- If the Bank determines that an objective evidence of financial asset impairment exist that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. If a loan or held to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract when there is objective evidence for asset impairment. As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by Being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

For the purposes of evaluation of impairment for a group of a financial assets according to historical default ratios future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Bank and historical loss experience for assets with credit risk characteristics similar to those in the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other indicative factors of changes in the probability of losses in the Bank and their magnitude. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank.

2.12.2. Available for sale investments

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets classify under available for sale is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining

whether the assets are impaired. During periods start from first of January 2009, the decrease consider significant when it became 10% from the book value of the financial instrument and the decrease consider to be extended if it continues for period more than 9 months, and if the mentioned evidences become available then any cumulative gains or losses previously recognized in equity are recognized in the income statement , in respect of available for sale equity securities, impairment losses previously recognized in profit or loss are not reversed through the income statement.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the income statement to the extent of previously recognized impairment charge from equity to income statement.

2.13. Real estate investments

The real estate investments represent lands and buildings owned by the Bank in order to obtain rental returns or capital gains and therefore do not include real estate assets which the Bank exercised its work through or those that have owned by the Bank as settlement of debts. The accounting treatment is the same used with property, plant and equipment.

2.14. Property, plant and equipment

Land and buildings comprise mainly branches and offices. All property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their residual values over estimated useful lives, as follows:

Buildings	20 years.
Leasehold improvements	3 years, or over the period of the lease if less
Furniture and safes	5 years.
Typewriters, calculators and air-conditions	8 years
Transportations	5 years
Computers and core systems	3/10 years
Fixtures and fittings	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Depreciable assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered. An asset's carrying amount is written down immediately to its recoverable value if the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing the selling proceeds with the asset carrying amount and charged to other operating expenses in the income statement.

2.15. Impairment of non-financial assets

Assets that have an indefinite useful life are not amortized -except goodwill- and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Assets are tested for impairment with reference to the lowest level of cash generating unit/s. A previously recognized impairment loss relating to a fixed asset may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset will only be increased up to the amount that it would have been had the original impairment not been recognized.

2.15.1. Goodwill

Goodwill is capitalized and represents the excess of acquisition cost over the fair value of the Bank's share in the acquired entity's net identifiable assets on the date of acquisition. For the purpose of calculating goodwill, the fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows. Goodwill is included in the cost of investments in associates and subsidiaries in the Bank's separate financial statements. Goodwill is tested for impairment, impairment loss is charged to the income statement.

Goodwill is allocated to the cash generating units for the purpose of impairment testing. The cash generating units represented in the Bank main segments.

2.15.2. Other intangible assets

Is the intangible assets other than goodwill and computer programs (trademarks, licenses, contracts for benefits, the benefits of contracting with clients).

Other intangible assets that are acquired by the Bank are recognized at cost less accumulated amortization and impairment losses. Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible asset with definite life. Intangible assets with indefinite life are not amortized and tested for impairment.

2.16. Leases

The accounting treatment for the finance lease is complied with law 95/1995, if the contract entitles the lessee to purchase the asset at a specified date and predefined value, or the current value of the total lease payments representing at least 90% of the value of the asset. The other leases contracts are considered operating leases contracts.

2.16.1. Being lessee

Finance lease contract recognizes the lease cost, including the cost of maintenance of the leased assets in the income statement for the period in which they occurred. If the Bank decides to exercise the right to purchase the leased asset the leased assets are capitalized and included in 'property, plant and equipment' and depreciated over the useful life of the expected remaining life of the asset in the same manner as similar assets.

Operating lease payments leases are accounted for on a straight-line basis over the periods of the leases and are included in 'general and administrative expenses'.

2.16.2. Being lessor

For finance lease, assets are recorded in the property, plant and equipment in the balance sheet and amortized over the expected useful life of this asset in the same manner as similar assets. Lease income is recognized on the basis of rate of return on the lease in addition to an amount corresponding to the cost of depreciation for the period. The difference between the recognized rental income and the total finance lease clients' accounts is transferred to the in the income statement until the expiration of the lease to be reconciled with a net book value of the leased asset. Maintenance and insurance expenses are charged to the income statement when incurred to the extent that they are not charged to the tenant.

In case there is objective evidence that the Bank will not be able to collect the of financial lease obligations, the finance lease payments are reduced to the recoverable amount.

For assets leased under operating lease it appears in the balance sheet under property, plant and equipment, and depreciated over the expected useful life of the asset in the same way as similar assets, and the lease income recorded less any discounts given to the lessee on a straight-line method over the contract period.

2.17. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and non-restricted balances with Central Bank, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

2.18. Other provisions

Provisions for restructuring costs and legal claims are recognized when the Bank has present legal or constructive obligations as a result of past events; where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

In case of similar obligations, the related cash outflow should be determined in order to settle these obligations as a group. The provision is recognized even in case of minor probability that cash outflow will occur for an item of these obligations.

When a provision is wholly or partially no longer required, it is reversed through profit or loss under other operating income (expenses).

Provisions for obligations, other than those for credit risk or employee benefits, due within more than 12 months from the balance sheet date are recognized based on the present value of the best estimate of the consideration required to settle the present obligation at the balance sheet date. An appropriate pretax discount rate that reflects the time value of money is used to calculate the present value of such provisions. For obligations due within less than twelve months from the balance sheet date, provisions are calculated based on undiscounted expected cash outflows unless the time value of money has a significant impact on the amount of provision, then it is measured at the present value.

2.19. Share based payments

The Bank applies an equity-settled, share-based compensation plan. The fair value of equity instruments recognized as an expense over the vesting period using appropriate valuation models, taking into account the terms and conditions upon which the equity instruments were granted. The vesting period is the period during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied. Vesting conditions include service conditions and performance conditions and market performance conditions are taken into account when estimating the fair value of equity instruments at the date of grant. At each balance sheet date the number of options that are expected to be exercised are estimated. Recognizes estimate changes, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.20. Income tax

Income tax on the profit or loss for the period and deferred tax are recognized in the income statement except for income tax relating to items of equity that are recognized directly in equity.

Income tax is recognized based on net taxable profit using the tax rates applicable at the date of the balance sheet in addition to tax adjustments for previous years.

Deferred taxes arising from temporary time differences between the book value of assets and liabilities are recognized in accordance with the principles of accounting and value according to the foundations of the tax, this is determining the value of deferred tax on the expected manner to realize or settle the values of assets and liabilities, using tax rates applicable at the date of the balance sheet.

Deferred tax assets of the Bank recognized when there is likely to be possible to achieve profits subject to tax in the future to be possible through to use that asset, and is reducing the value of deferred tax assets with part of that will come from tax benefit expected during the following years, that in the case of expected high benefit tax, deferred tax assets will increase within the limits of the above reduced.

2.21. Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost also any difference between proceeds net of transaction costs and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

2.22. Dividends

Dividends on ordinary shares and profit sharing are recognized as a charge of equity upon the general assembly approval. Profit sharing includes the employees' profit share and the Board of Directors' remuneration as prescribed by the Bank's articles of incorporation and the corporate law.

2.23. Comparatives

Comparative figures have been adjusted to conform to changes in presentation in the current period where necessary.

3. Financial risk management

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and rewards and minimize potential adverse effects on the Bank's financial performance. The most important types of financial risks are credit risk, market risk, liquidity risk and other operating risks. Also market risk includes exchange rate risk, rate of return risk and other prices risks.

The Bank's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice. Risk management is carried out by risk department under policies approved by the Board of Directors. Bank treasury identifies, evaluates and hedges financial risks in close co-operation with the Bank's operating units.

The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, credit risk management is responsible for the independent review of risk management and the control environment.

3.1. Credit risk

The Bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Bank by failing to discharge an obligation. Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in loans and advances, debt securities and other bills. There is also credit risk in off-balance sheet financial arrangements such as loan commitments. The credit risk management and control are centralized in a credit risk management team in Bank treasury and reported to the Board of Directors and head of each business unit regularly.

3.1.1. Credit risk measurement

3.1.1.1. Loans and advances to banks and customers

In measuring credit risk of loans and facilities to banks and customers at a counterparty level, the Bank reflects three components:

- The 'probability of default' by the client or counterparty on its contractual obligations
- Current exposures to the counterparty and its likely future development, from which the Bank derive the 'exposure at default.
- The likely recovery ratio on the defaulted obligations (the 'loss given default').

These credit risk measurements, which reflect expected loss (the 'expected loss model') are required by the Basel committee on banking regulations and the supervisory practices (the Basel committee), and are embedded in the Bank's daily operational management. The operational measurements can be contrasted with impairment allowances required under EAS 26, which are based on losses that have been incurred at the balance sheet date (the 'incurred loss model') rather than expected losses (note 3.1).

The Bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgment and are validated, where appropriate. Clients of the Bank are segmented into four rating classes. The Bank's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The Bank regularly validates the performance of the rating and their predictive power with regard to default events.

Bank's rating	*description of the grade*
1	performing loans
2	regular watching
3	watch list
4	non-performing loans

Loss given default or loss severity represents the Bank expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure and typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit mitigation.

3.1.1.2. Debt instruments and treasury and other bills

For debt instruments and bills, external rating such as standard and poor's rating or their equivalents are used for managing of the credit risk exposures, and if this rating is not available, then other ways similar to those used with the credit customers are uses. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

3.1.2. Risk limit control and mitigation policies

The Bank manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and banks, and to industries and countries.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by individual, counterparties, product, and industry sector and by country are approved quarterly by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.
Some other specific control and mitigation measures are outlined below:

3.1.2.1. Collateral

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties.
- Mortgage business assets such as premises, and inventory.
- Mortgage financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimize the credit loss the Bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other governmental securities are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

3.1.2.2. Derivatives

The Bank maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favorable to the Bank (i.e., assets with positive fair value), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Bank requires margin deposits from counterparties.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Bank market transactions on any single day.

3.1.2.3. Master netting arrangements

The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favorable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Bank overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

3.1.2.4. Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

3.1.3. Impairment and provisioning policies

The internal rating system described in Note 3.1.1 focus on the credit-quality mapping from the lending and investment activities perspective. Conversely, for only financial reporting purposes impairment losses are recognized for that has been incurred at the balance sheet date when there is an objective evidence of impairment. Due to the different methodologies applied, the amount of incurred impairment losses in balance sheet are usually lower than the amount determined from the expected loss model that is used for internal operational management and CBE regulation purposes.

The impairment provision reported in balance sheet at the end of the period is derived from each of the four internal credit risk ratings. However, the majority of the impairment provision is usually driven by the last two rating degrees. The following table illustrates the proportional distribution of loans and advances reported in the balance sheet for each of the four internal credit risk ratings of the Bank and their relevant impairment losses:

Bank's rating	December 31, 2013 Loans and advances (%)	December 31, 2013 Impairment provision (%)	December 31, 2012 Loans and advances (%)	December 31, 2012 Impairment provision (%)
1-Performing loans	87.65	31.49	90.00	40.85
2-Regular watching	4.93	5.32	5.89	8.56
3-Watch list	3.44	19.93	0.48	2.01
4-Non-Performing Loans	3.98	43.26	3.63	48.58

The internal rating tools assists management to determine whether objective evidence of impairment exists under EAS 26, based on the following criteria set by the Bank:

- Cash flow difficulties experienced by the borrower or debtor
- Breach of loan covenants or conditions
- Initiation of bankruptcy proceedings
- Deterioration of the borrower's competitive position
- Bank granted concessions may not be approved under normal circumstances due to economic, legal reasons and financial difficulties facing the borrower
- Deterioration of the collateral value
- Deterioration of the credit situation

The Bank's policy requires the review of all financial assets that are above materiality thresholds at least annually or more regularly when circumstances require. Impairment provisions on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date, and are applied to all significant accounts individually. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account. Collective impairment provisions are provided portfolios of homogenous assets by using the available historical loss experience, experienced judgment and statistical techniques.

3.1.4. Pattern of measuring the general banking risk

In addition to the four categories of the Bank's internal credit ratings indicated in note 3.1.1, management classifies loans and advances based on more detailed subgroups in accordance with the CBE regulations. Assets exposed to credit risk in these categories are classified according to detailed rules and terms depending heavily on information relevant to the customer, his activity, financial position and his repayment track record. The Bank calculates required provisions for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE. In case, the provision required for impairment losses as per CBE credit worthiness rules exceeds the required provisions by the application used in balance sheet preparation in accordance with EAS. That excess shall be debited to retained earnings and carried to the general banking risk reserve in the equity section. Such reserve is always adjusted, on a regular basis, by any increase or decrease so, that reserve shall always be equivalent to the amount of increase between the two provisions. Such reserve is not available for distribution.

Below is a statement of institutional worthiness according to internal ratings compared with CBE ratings and rates of provisions needed for assets impairment related to credit risk:

CBE Rating	Categorization	Provision%	Internal rating	Categorization
1	Low risk	0%	1	Performing loans
2	Average risk	1%	1	Performing loans
3	Satisfactory risk	1%	1	Performing loans
4	Reasonable risk	2%	1	Performing loans
5	Acceptable risk	2%	1	Performing loans
6	Marginally acceptable risk	3%	2	Regular watching
7	Watch list	5%	3	Watch list
8	Substandard	20%	4	Non performing loans
9	Doubtful	50%	4	Non performing loans
10	Bad debts	100%	4	Non performing loans

3.1.5. Maximum exposure to credit risk before collateral held

In balance sheet items exposed to credit risk	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Treasury bills and other governmental notes	23,665,428,816	11,193,466,093
Trading financial assets:		
- Debt instruments	2,096,838,419	1,181,100,426
Gross loans and advances to banks	153,833,294	1,208,166,369
Less:Impairment provision	(21,410,562)	(29,298,630)
Gross loans and advances to customers		
Individual:		
- Overdraft	1,173,942,998	1,220,222,219
- Credit cards	765,623,964	660,932,044
- Personal loans	4,181,386,392	3,616,553,758
- Mortgages	383,143,670	463,833,879
- Other loans	10,841,736	20,045,324
Corporate:		
- Overdraft	4,910,810,545	4,288,571,348
- Direct loans	24,125,578,810	23,196,204,054
- Syndicated loans	9,630,556,651	9,588,649,990
- Other loans	109,231,797	87,795,754
Unamortized bills discount	(6,634,495)	(22,277,973)
Impairment provision	(2,842,840,136)	(1,901,222,402)
Unearned interest	(708,390,220)	(520,994,222)
Derivative financial instruments	103,085,538	137,459,761
Financial investments:		
-Debt instruments	26,899,651,189	24,859,146,103
-Investments in associates	192,752,878	165,198,634
Total	**94,823,431,284**	**79,413,552,530**
Off balance sheet items exposed to credit risk		
Financial guarantees	2,480,059,591	2,276,369,133
Customers acceptances	472,350,554	1,176,928,870
Letter of credit	750,766,099	933,297,936
Letter of guarantee	14,959,322,507	12,787,512,199
Total	**18,662,498,751**	**17,174,108,138**

The above table represents the Bank Maximum exposure to credit risk on December 31, 2013, before taking account of any held collateral.

For assets recognized on balance sheet, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

As shown above 44.26% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represents 30.58%.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk resulting from both its loans and advances portfolio and debt instruments based on the following:

- 92.60% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- 96.04% of loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed individualy are valued EGP 1,803,427,939.
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on December 31, 2013.
- 95.01% of the investments in debt Instruments are Egyptian sovereign instruments.

3.1.6. Loans and advances

Loans and advances are summarized as follows:

	Dec. 31, 2013 EGP		Dec. 31, 2012 EGP	
	Loans and advances to customers	**Loans and advances to banks**	**Loans and advances to customers**	**Loans and advances to banks**
Neither past due nor impaired	40,727,364,380	123,630,395	40,779,399,095	1,176,571,369
Past due but not impaired	2,790,527,143	-	785,027,964	-
Individually impaired	1,773,225,040	30,202,899	1,578,381,311	31,595,000
Gross	**45,291,116,563**	**153,833,294**	**43,142,808,370**	**1,208,166,369**
Less:				
Impairment provision	2,842,840,136	21,410,562	1,901,222,402	29,298,630
Unamortized bills discount	6,634,495	-	22,277,973	-
Unearned interest	708,390,220	-	520,994,222	-
Net	**41,733,251,712**	**132,422,732**	**40,698,313,773**	**1,178,867,739**

Impairment provision losses for loans and advances reached EGP 2,864,250,698.

During the period the Bank's total loans and advances increased by 2.47% .

In order to minimize the propable exposure to credit risk, the Bank focuses more on the business with large enterprises, banks or retail customers with good credit rating or sufficient collateral.

Net loans and advances to customers and banks:

EGP

Dec. 31, 2013	Individual					Corporate					
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total loans and advances to customers	Total loans and advances to banks
Grades:											
Performing loans	1,094,590,541	736,700,792	3,996,265,873	366,843,424	-	4,302,790,858	19,559,702,025	8,665,942,088	103,049,090	38,825,884,691	121,253,726
Regular watching	51,117,932	14,364,025	44,547,698	-	-	69,765,752	1,439,446,597	459,723,167	712,987	2,079,678,158	-
Watch list	10,007,708	3,894,678	24,518,735	-	7,100,394	126,847,106	811,645,615	5,446,049	-	989,460,285	-
Non-performing loans	8,994,399	2,273,295	33,393,449	2,516,317	532,712	77,204,166	361,453,745	66,382,676	502,534	553,253,293	11,169,006
Total	**1,164,710,580**	**757,232,790**	**4,098,725,755**	**369,359,741**	**7,633,106**	**4,576,607,882**	**22,172,247,982**	**9,197,493,980**	**104,264,611**	**42,448,276,427**	**132,422,732**

EGP

Dec. 31, 2012	Individual					Corporate					
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total loans and advances to customers	Total loans and advances to banks
Grades:											
Performing loans	1,152,693,431	633,881,668	3,459,502,653	449,183,484	1,107,853	3,828,066,231	19,714,723,182	8,634,047,670	82,087,754	37,955,293,927	1,168,312,112
Regular watching	39,975,851	12,960,108	35,395,626	-	16,959,188	147,548,565	1,762,255,708	431,680,704	79,991	2,446,855,741	-
Watch list	9,922,637	3,940,508	20,441,412	-	-	8,557,078	-	135,043,296	-	177,904,931	-
Non-performing loans	6,877,253	1,821,429	26,778,513	1,273,535	887,352	94,848,245	477,209,225	51,309,716	526,101	661,531,369	10,555,627
Total	**1,209,469,172**	**652,603,713**	**3,542,118,204**	**450,457,019**	**18,954,393**	**4,079,020,119**	**21,954,188,115**	**9,252,081,386**	**82,693,846**	**41,241,585,968**	**1,178,867,739**

Loans and advances past due but not impaired:

Loans and advances less than 90 days past due are not considered impaired, unless there is an objective evidence of impairment.

Dec. 31, 2013	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Past due up to 30 days	282,863,638	145,913,282	9,383,181	741,580	438,901,681	1,309,118,603	749,247,887	22,884,352	2,081,250,842
Past due 30 - 60 days	51,211,222	15,126,962	2,852,133	199,332	69,389,649	20,300,304	17,617,160	-	37,917,464
Past due 60-90 days	10,049,551	4,646,221	2,704,540	16,160	17,416,472	79,699,492	65,951,544	-	145,651,036
Total	**344,124,411**	**165,686,465**	**14,939,854**	**957,072**	**525,707,802**	**1,409,118,399**	**832,816,591**	**22,884,352**	**2,264,819,342**

Dec. 31, 2012	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Past due up to 30 days	270,505,350	136,831,472	11,448,890	700,995	419,486,707	32,640,253	83,898,165	105,902,043	222,440,462
Past due 30-60 days	40,136,708	13,690,593	2,585,035	91,626	56,503,962	4,432,342	7,374,788	-	11,807,130
Past due 60-90 days	10,117,386	4,794,090	2,195,267	110,400	17,217,143	30,810,328	24,880,581	1,881,651	57,572,559
Total	**320,759,444**	**155,316,155**	**16,229,192**	**903,021**	**493,207,812**	**67,882,923**	**116,153,535**	**107,783,694**	**291,820,152**

Individually impaired loans

Loans and advances individually assessed without taking into consideration cash flows from guarantees are totaled EGP 1,803,427,939.

The breakdown of the gross amount of individually impaired loans and advances by product, along with the fair value of related collateral held by the Bank, are as follows:

Dec. 31, 2013	Individual					Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Individually impaired loans	14,564,000	5,939,925	102,518,959	13,065,713	1,384,759	262,466,686	1,128,085,083	272,229,139	3,173,675	**1,803,427,939**

Dec. 31, 2012	Individual					Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Individually impaired loans	14,487,332	6,412,436	89,037,818	11,086,723	1,244,270	238,462,451	1,065,770,440	179,994,670	3,480,171	**1,609,976,311**

Loans and advances restructured

Restructuring activities include reschaduling arrangements, obligatory management programs, modification and deferral of payments. The application of restructuring policies are based on indicators or criteria of credit performance of the borrower that is based on the personal judgment of the management, indicate that payment will most likely continue. Restructuring is commonly applied to term loans, specially customer loans. Renegotiated loans totaled at the end of the year

	Dec. 31, 2013	Dec. 31, 2012
Loans and advances to customer		
Corporate		
Direct loans	2,950,132,000	2,924,873,000
Total	**2,950,132,000**	**2,924,873,000**

3.1.7. Debt instruments, treasury bills and other governmental notes

The table below presents an analysis of debt instruments, treasury bills and other governmental notes by rating agency designation at end of financial period, based on Standard & Poor's ratings or their equivalent:

EGP

Dec. 31, 2013	Treasury bills and other gov. notes	Trading financial debt instruments	Non-trading financial debt instruments	Total
AAA	-	-	962,346,780	**962,346,780**
AA- to AA+	-	-	176,768,467	**176,768,467**
A- to A+	-	-	200,559,029	**200,559,029**
Lower than A-	-	135,464,386	851,468,992	**986,933,378**
Unrated	23,665,428,816	1,961,374,033	24,708,507,921	**50,335,310,770**
Total	**23,665,428,816**	**2,096,838,419**	**26,899,651,189**	**52,661,918,424**

3.1.8. Concentration of risks of financial assets with credit risk exposure

3.1.8.1. Geographical sectors

Following is a breakdown of the Bank's main credit exposure at their book values categorized by geographical region at the end of the current period.

The Bank has allocated exposures to regions based on the country of domicile of its counterparties.

Dec. 31, 2013	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Treasury bills and other governmental notes	23,665,428,816	-	-	**23,665,428,816**
Trading financial assets:				
- Debt instruments	2,096,838,419	-	-	**2,096,838,419**
Gross loans and advances to banks	153,833,294	-	-	**153,833,294**
Less:Impairment provision	(21,410,562)	-	-	**(21,410,562)**
Gross loans and advances to customers				
Individual:				
- Overdrafts	788,301,456	260,325,730	125,315,812	**1,173,942,998**
- Credit cards	577,101,742	158,976,345	29,545,877	**765,623,964**
- Personal loans	2,809,768,674	1,097,553,129	274,064,589	**4,181,386,392**
- Mortgages	317,339,513	56,881,818	8,922,339	**383,143,670**
- Other loans	9,563,433	1,278,303	-	**10,841,736**
Corporate:				
- Overdrafts	4,037,234,996	634,425,280	239,150,269	**4,910,810,545**
- Direct loans	18,759,464,871	4,753,247,203	612,866,736	**24,125,578,810**
- Syndicated loans	8,869,001,700	761,554,951	-	**9,630,556,651**
- Other loans	105,176,241	4,055,556	-	**109,231,797**
Unamortized bills discount	(6,634,495)	-	-	**(6,634,495)**
Impairment provision	(2,842,840,136)	-	-	**(2,842,840,136)**
Unearned interest	(553,087,820)	(153,568,700)	(1,733,700)	**(708,390,220)**
Derivative financial instruments	103,085,538	-	-	**103,085,538**
Financial investments:				
-Debt instruments	26,899,651,189	-	-	**26,899,651,189**
-Investments in associates	192,752,878	-	-	**192,752,878**
Total	**85,960,569,747**	**7,574,729,615**	**1,288,131,922**	**94,823,431,284**

3.1.8.2. Industry sectors

The following table analysis the Group's main credit exposure at their book value categorized by the Bank customers activities.

EGP

Dec. 31, 2013	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Treasury bills and other governmental notes	-	-	-	-	23,665,428,816	-	-	**23,665,428,816**
Trading financial assets:								
- Debt instruments	-	-	-	-	2,096,838,419	-	-	**2,096,838,419**
Gross loans and advances to banks	153,833,294	-	-	-	-	-	-	**153,833,294**
Less:Impairment provision	(21,410,562)	-	-	-	-	-	-	**(21,410,562)**
Gross loans and advances to customers								
Individual:								
- Overdrafts	-	-	-	-	-	-	1,173,942,998	**1,173,942,998**
- Credit cards	-	-	-	-	-	-	765,623,964	**765,623,964**
- Personal loans	-	-	-	-	-	-	4,181,386,392	**4,181,386,392**
- Mortgages	-	-	-	-	-	-	383,143,670	**383,143,670**
- Other loans	-	-	-	-	-	-	10,841,736	**10,841,736**
Corporate:								
- Overdrafts	(81,348,121)	1,301,794,515	1,013,245,488	274,467,379	468,096,213	1,934,555,071	-	**4,910,810,545**
- Direct loans	783,312,791	11,224,774,953	-	215,552,531	1,095,296,185	10,806,642,350	-	**24,125,578,810**
- Syndicated loans	-	4,784,624,245	1,046,185,896	-	34,722,222	3,765,024,288	-	**9,630,556,651**
- Other loans	-	90,975,572	-	15,000,000	-	3,256,225	-	**109,231,797**
Unamortized bills discount	(6,634,495)	-	-	-	-	-	-	**(6,634,495)**
Impairment provision	(12,126,426)	(1,454,360,568)	(38,475,946)	(6,237,296)	(15,397,347)	(1,182,773,613)	(133,468,940)	**(2,842,840,136)**
Unearned interest	-	(311,547,069)	-	(14,399)	-	(357,500,457)	(39,328,295)	**(708,390,220)**
Derivative financial instruments	103,085,538	-	-	-	-	-	-	**103,085,538**
Financial investments:								
-Debt instruments	1,404,516,940	-	-	-	25,495,134,249	-	-	**26,899,651,189**
- Investments in subsidiary and associates	192,752,878	-	-	-	-	-	-	**192,752,878**
Total	**2,515,981,837**	**15,636,261,648**	**2,020,955,438**	**498,768,215**	**52,840,118,757**	**14,969,203,864**	**6,342,141,525**	**94,823,431,284**

3.2. Market risk

Market risk represnted as fluctuations in fair value or future cash flow, including foreign exchange rates and commodity prices, interest rates, credit spreads and equity prices will reduce the Bank's income or the value of its portfolios. the Bank separates exposures to market risk into trading or non-trading portfolios.

Market risks are measured, monitored and controlled by the market risk management department. In addition, regular reports are submitted to the Asset and Liability Management Committee (ALCO), Board Risk Committee and the heads of each business unit.

Trading portfolios include positions arising from market-making, position taking and others designated as marked-to-market. Non-trading portfolios include positions that primarily arise from the interest rate management of the group's retail and commercial banking assets and liabilities, financial investments designated as available for sale and held-to-maturity.

3.2.1. Market risk measurement techniques

As part of the management of market risk, the Bank undertakes various hedging strategies. the Bank also enters into interest rate swaps to match the interest rate risk associated with the fixed-rate long-term debt instrument and loans to which the fair value option has been applied .

3.2.1.1. Value at Risk

The Bank applies a "Value at Risk" methodology (VaR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected under normal market conditions, based upon a number of assumptions for various changes in market conditions.

VaR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Bank might lose , but only to a certain level of confidence (95%). There is therefore a specified statistical probability (5%) that actual loss could be greater than the VaR estimate. The VaR model assumes a certain 'holding period' until positions can be closed (1 Day). The Bank is assessing the historical movements in the market prices based on volatilities and correlations data for the past five years. The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

As VaR constitutes an integral part of the Bank's market risk control regime, the Market Risk Management set Soft VaR Limits, trading book, which have been approved by the board, and are monitored and reported on a daily basis to the Senior Management. In addition, monthly limits compliance is reported to the ALCO.

The Bank has developed the internal model to calculate VaR and is not yet approved by the Central Bank as the regulator is currently applying and requiring banks to calculate the Market Risk Capital Requirements according to Basel II Standardized Approach.

3.2.1.2. Stress tests

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. Therefore, bank computes on a daily basis trading Stress VaR, combined with trading Normal VaR to capture the abnormal movements in financial markets and to give more comprehensive picture of risk. The results of the stress tests are reviewed by the ALCO on a monthly basis and the board risk committee on a quarterly basis.

3.2.2. Value at risk (VaR) Summary

Total VaR by risk type

EGP

	Dec. 31, 2013			Dec. 31, 2012		
	Medium	**High**	**Low**	**Medium**	**High**	**Low**
Foreign exchange risk	89,669	539,916	3,370	40,138	175,325	4,756
Interest rate risk	75,596,340	101,789,562	55,515,213	33,579,414	82,099,623	3,045,986
For non trading purposes	63,975,773	84,950,011	48,925,587	29,092,222	72,429,892	919,482
For trading purposes	11,620,567	16,839,550	6,589,626	4,487,192	9,669,731	2,126,504
Equities risk	124,134	203,290	85,632	278,907	368,507	149,646
Investment fund	606,374	1,124,626	35,182	-	-	-
Total VaR	**305,229**	**491,484**	**210,658**	**287,242**	**465,524**	**169,518**
	75,622,331	**101,827,317**	**55,529,386**	**33,555,660**	**82,161,567**	**3,139,829**

Trading portfolio VaR by risk type

	Dec. 31, 2013			Dec. 31, 201		
	Medium	**High**	**Low**	**Medium**	**High**	**Low**
Foreign exchange risk	89,669	539,916	3,370	40,138	175,325	4,756
Interest rate risk						
- For trading purposes	11,620,567	16,839,550	6,589,626	4,487,192	9,669,731	2,126,504
Equities risk	124,134	203,290	85,632	278,907	368,507	149,646
Funds managed by others risk	606,374	1,124,626	35,182	-	-	-
Investment fund	**305,229**	**491,484**	**210,658**	**287,242**	**465,524**	**169,518**
Total VaR	**11,654,395**	**16,875,949**	**6,621,300**	**4,553,070**	**9,721,129**	**2,218,253**

Non trading portfolio VaR by risk type

	Dec. 31, 2013			Dec. 31, 2012		
	Medium	**High**	**Low**	**Medium**	**High**	**Low**
Interest rate risk						
For non trading purposes	63,975,773	84,950,011	48,925,587	29,092,222	72,429,892	919,482
Total VaR	**63,975,773**	**84,950,011**	**48,925,587**	**29,092,222**	**72,429,892**	**919,482**

The aggregate of the trading and non-trading VaR results does not constitute the Bank's VaR due to correlations and consequent diversification effects between risk types and portfolio types.

3.2.3. Foreign exchange risk

The Bank's financial position and cash flows are exposed to fluctuations in foreign currency exchange rates. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarizes the Bank's exposure to foreign currency exchange rate risk and Bank's financial instruments at carrying amounts, categorized by currency.

Equivalent EGP

Dec. 31, 2013	**EGP**	**USD**	**EUR**	**GBP**	**Other**	**Total**
Financial assets						
Cash and balances with Central Bank	3,943,554,418	685,783,608	97,955,512	21,155,801	56,524,898	**4,804,974,237**
Due from banks	160,035,421	5,569,959,173	2,823,809,212	386,613,624	63,533,460	**9,003,950,890**
Treasury bills and other governmental notes	20,729,091,642	3,832,188,780	181,468,677	-	-	**24,742,749,099**
Trading financial assets	2,191,009,287	86,593,728	-	-	8,881,566	**2,286,484,581**
Gross loans and advances to banks	-	153,833,294	-	-	-	**153,833,294**
Gross loans and advances to customers	25,863,179,074	18,702,088,432	645,731,167	46,134,574	33,983,316	**45,291,116,563**
Derivative financial instruments	35,951,722	65,733,199	1,400,617	-	-	**103,085,538**
Financial investments						
- Available for sale	22,145,853,264	1,232,251,218	-	-	-	**23,378,104,482**
- Held to maturity	4,197,176,655	-	-	-	-	**4,197,176,655**
Investments in associates	151,872,008	40,880,870	-	-	-	**192,752,878**
Total financial assets	**79,417,723,491**	**30,369,312,302**	**3,750,365,185**	**453,903,999**	**162,923,240**	**114,154,228,217**
Financial liabilities						
Due to banks	319,951,905	1,031,898,608	20,152,926	1,399,569	7,032	**1,373,410,040**
Due to customers	64,618,227,605	27,965,508,241	3,585,282,145	456,884,824	219,780,593	**96,845,683,408**
Derivative financial instruments	31,266,232	81,503,495	2,108,856	-	-	**114,878,583**
Long term loans	**132,153,227**	-	-	-	-	132,153,227
Total financial liabilities	**65,101,598,969**	**29,078,910,344**	**3,607,543,927**	**458,284,393**	**219,787,625**	**98,466,125,258**
Net on-balance sheet financial position	**14,316,124,522**	**1,290,401,958**	**142,821,258**	**(4,380,394)**	**(56,864,385)**	**15,688,102,959**

3.2.4. Interest rate risk

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but profit may decrease in the event that unexpected movements arise.The Board sets limits on the gaps of interest rate repricing that may be undertaken, which is monitored by bank's Risk Management Department.

The table below summarizes the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorized by the earlier of repricing or contractual maturity dates.

Dec. 31, 2013	Up to1 Month	1-3 Months	3-12 Months	1-5 years	Over 5 years	Non- Interest Bearing	Total
Financial assets							
Cash and balances with Central Bank	-	-	-	-	-	4,804,974,237	**4,804,974,237**
Due from banks	4,587,696,691	3,966,455,633	286,026,802	-	-	163,771,764	**9,003,950,890**
Treasury bills and other governmental notes*	3,527,609,980	2,996,487,000	18,218,652,119	-	-	-	**24,742,749,099**
Trading financial assets	184,878,423	-	-	1,672,005,178	375,962,584	53,638,396	**2,286,484,581**
Gross loans and advances to banks	4,342,350	116,417,222	2,870,824	30,202,898	-	-	**153,833,294**
Gross loans and advances to customers	29,728,939,030	6,465,364,854	5,189,602,857	3,111,717,350	795,492,472	-	**45,291,116,563**
Derivatives financial instruments (including IRS notional amount)	1,389,566,463	234,619,676	747,844,799	2,185,915,919	332,706,143	-	**4,890,653,000**
Financial investments							
- Available for sale	663,515,064	393,248,050	2,815,541,814	13,567,604,319	5,351,673,079	586,522,156	**23,378,104,482**
- Held to maturity	-	-	197,841	4,196,978,814	-	-	**4,197,176,655**
Investments in associates	-	-	-	-	-	192,752,878	**192,752,878**
Total financial assets	**40,086,548,001**	**14,172,592,435**	**27,260,737,056**	**24,764,424,478**	**6,855,834,278**	**5,801,659,431**	**118,941,795,679**
Financial liabilities							
Due to banks	347,374,047	-	-	-	-	1,026,035,993	**1,373,410,040**
Due to customers	32,188,336,580	14,485,215,174	11,106,121,075	22,458,172,731	87,337,000	16,520,500,848	**96,845,683,408**
Derivatives financial instruments (including IRS notional amount)	2,315,824,671	1,770,211,105	129,416,652	66,856,880	603,658,202	69,818,235	**4,955,785,745**
Long term loans	28,091,227	5,314,000	49,299,000	49,449,000	-	-	**132,153,227**
Total financial liabilities	**34,879,626,525**	**16,260,740,279**	**11,284,836,727**	**22,574,478,611**	**690,995,202**	**17,616,355,076**	**103,307,032,420**
Total interest re-pricing gap	**5,206,921,476**	**(2,088,147,844)**	**15,975,900,329**	**2,189,945,867**	**6,164,839,076**	**(11,814,695,645)**	**15,634,763,259**

** After deducting Repos.*

3.3. Liquidity risk

Liquidity risk is the risk that the Bank does not have sufficient financial resources to meet its obligations arises from its financial liabilities as they fall due or to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill lending commitments.

3.3.1. Liquidity risk management process

The Bank's liquidity management process, is carried by the assets and Liabilities Management Department and monitored independently by the Risk Management Department, which includes:

Projecting cash flows by major currency under various stress scenarios and considering the level of liquid assets necessary in relation thereto:

- The Bank maintains an active presence in global money markets to enable this to happen.
- Maintaining a diverse range of funding sources with back-up facilities.
- Monitoring balance sheet liquidity and advances to core funding ratios against internal and Central Bank of Egypt regulations.
- Managing the concentration and profile of debt maturities.
- Monitoring and reporting takes the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those assets projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets. Bank's Risk Management Department also monitors unmatched medium-term

3.3.2. Funding approach

Sources of liquidity are regularly reviewed jointly by the Bank's Assets & Liabilities Management Department and Consumer Banking to maintain a wide diversification within currencies, geographical area, depositors, products and tenors.

3.3.3. Non-derivative cash flows

The table below presents the undiscounted cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities and the maturities assumption for non contractual products are based on there behavior studies.

Dec. 31, 2013	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP
Financial liabilities						
Due to banks	1,373,410,040	-	-	-	-	1,373,410,040
Due to customers	14,262,658,315	14,355,336,031	31,020,534,031	36,171,294,031	1,035,861,000	96,845,683,408
Long term loans	28,091,227	5,314,000	49,299,000	49,449,000	-	132,153,227
Total liabilities (contractual and non contractual maturity dates)	**15,664,159,582**	**14,360,650,031**	**31,069,833,031**	**36,220,743,031**	**1,035,861,000**	**98,351,246,675**
Total financial assets (contractual and non contractual maturity dates)	**16,226,910,823**	**11,735,431,147**	**29,841,046,583**	**41,734,405,803**	**14,830,199,429**	**114,367,993,785**

Dec. 31, 2012	Up to 1month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP
Financial liabilities						
Due to banks	1,714,862,716	-	-	-	-	1,714,862,716
Due to customers	11,421,205,560	9,736,841,059	20,452,119,693	35,809,584,757	1,309,370,420	78,729,121,488
Long term loans	-	-	59,508,571	20,986,667	-	80,495,238
Total liabilities (contractual and non contractual maturity dates)	**13,136,068,276**	**9,736,841,059**	**20,511,628,264**	**35,830,571,424**	**1,309,370,420**	**80,524,479,442**
Total financial assets (contractual and non contractual maturity dates)	**9,874,255,242**	**12,497,060,088**	**22,097,635,946**	**39,608,844,700**	**9,940,640,568**	**94,018,436,544**

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, due from CBE and due from banks, treasury bills, other government notes , loans and advances to banks and customers.

In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt instrument and treasury bills and other governmental notes have been pledged to secure liabilities. The Bank would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

3.3.4. Derivative cash flows

Derivatives settled on a net basis

The Bank's derivatives that will be settled on a net basis include:

Foreign exchange derivatives: exchange traded options and over-the-counter (OTC) ,exchange traded forwards currency options.

Interest rate derivatives: interest rate swaps, forward rate agreements, OTC and exchange traded interest rate options, other interest rate contracts and exchange traded futures .

The table below analyses the Bank's derivative undiscounted financial liabilities that will be settled on a net basis into maturity groupings based on the remaining period of the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

EGP

Dec. 31, 2013	Up to one month	One to three months	Three months to one year	One year to five years	Over five years	Total
Liabilities						
Derivatives financial instruments						
Foreign exchange derivatives	28,748,121	4,157,915	12,154,312	-	-	45,060,348
Interest rate derivatives	-	-	1,707,852	9,904,184	58,206,199	69,818,235
Total	**28,748,121**	**4,157,915**	**13,862,164**	**9,904,184**	**58,206,199**	**114,878,583**

Off balance sheet items

Dec. 31, 2013	Up to 1 year	1-5 years	Over 5 years	Total
Letters of credit, guarantees and other commitments	10,428,458,630	5,449,818,970	304,161,560	16,182,439,160
Total	**10,428,458,630**	**5,449,818,970**	**304,161,560**	**16,182,439,160**

3.4. Fair value of financial assets and liabilities

3.4.1. Financial instruments not measured at fair value

The table below summarizes the book value and fair value of those financial assets and liabilities not presented on the Bank's balance sheet at their fair value.

	Book value		Fair value	
	Dec. 31, 2013	**Dec. 31, 2012**	**Dec. 31, 2013**	**Dec. 31, 2012**
Financial assets				
Due from banks	9,003,950,890	8,047,820,388	9,003,950,890	8,047,820,388
Gross loans and advances to banks	153,833,294	1,208,166,369	153,833,294	1,208,166,369
Gross loans and advances to customers				
Individual	6,514,938,760	5,981,587,224	6,514,938,760	5,981,587,224
Corporate	38,776,177,803	37,161,221,146	38,776,177,803	37,161,221,146
Financial investments				
Held to Maturity	4,197,176,655	4,215,787,960	4,197,176,655	4,215,787,960
Total financial assets	58,646,077,402	56,614,583,086	58,646,077,402	56,614,583,086
Financial liabilities				
Due to banks	1,373,410,040	1,714,862,716	1,373,410,040	1,714,862,716
Due to customers	96,845,683,408	78,729,121,488	96,845,683,408	78,729,121,488
Long term loans	132,153,227	80,495,238	132,153,227	80,495,238
Total financial liabilities	**98,351,246,675**	**80,524,479,442**	**98,351,246,675**	**80,524,479,442**

Due from banks

The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and similar maturity date.

Loans and advances to banks

Loans and advances to banks represented in loans do not considering bank placing. The expected fair value of the loans and advances represents the discounted value of future cash flows expected to be collected. Cash flows are discounted using the current market rate to determine fair value.

Loans and advances to customers

Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Financial Investments

Investment securities include only interest-bearing assets held to maturity assets classified as available for sale are measured at fair value. Fair value for held-to-maturity assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

Due to other banks and customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar maturity date.

3.5 Capital management

For capital management purposes, the Bank's capital includes total equity as reported in the balance sheet plus some other elements that are managed as capital. The Bank manages its capital to ensure that the following objectives are achieved:

- Compliance with the legally imposed capital requirements in Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling it to generate yield for shareholders and othe parties dealing with the bank.

Capital adequacy and the use of regulatory capital are monitored on a daily basis by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the banking supervision unit in the Central Bank of Egypt.

The required data is submitted to the Central Bank of Egypt on a quarterly basis.

Central Bank of Egypt requires the following:

- Maintaining EGP 500 million as a minimum requirement for the issued and paid-in capital.
- Maintaining a minimum level of capital adequacy ratio of 10%, calculated as the ratio between total value of the capital elements, and the risk-weighted assets and contingent liabilities of the Bank.

Tier one:

Tier one, comprised of paid-in capital (after deducting the book value of treasury shares), retained earnings and reserves resulting from the distribution of profits except the banking risk reserve and deducting previously recognized goodwill and any retained losses.

Tier two:

Represents the gone concern capital which comprised of general risk provision according to the impairment provision guidelines issued by the Central Bank of Egypt for to the maximum of 1.25% risk weighted assets and contingent liabilities, subordinated loans with more than five years to maturity (amortizing 20% of its carrying amount in each year of the remaining five years to maturity) and 45% of the increase in fair value than book value for available for sale , held to maturity, subsidiaries and associates investments.

When calculating the numerator of capital adequacy ratio, the rules set limits of total tier 2 to no more than tier 1 capital and also limits the subordinated to no more than 50% of tier 1.

Assets risk weight scale ranging from zero to 100% based on the counterparty risk to reflect the related credit risk scheme, taking into considration the cash collatrals. Similar criteria are used for off balance sheet items after adjusting it to reflect the nature of contingency and the potential loss of those amounts. The Bank has complied with all local capital adequacy requirements for the current year.

The tables below summarizes the compositions of teir 1, teir 2 and the capital adequacy ratio .

According to Basel II :

	Dec. 31, 2013 In thousands EGP	Dec. 31, 2012 In thousands EGP Restated
Tier 1 capital		
Share capital (net of the treasury shares)	9,002,436	5,972,275
Reserves	1,001,869	3,909,853
Retained Earnings (Losses)	(546,531)	(510,946)
Total deductions from tier 1 capital common equity	(726,847)	(4,701)
Total qualifying tier 1 capital	8,730,927	9,366,481
Tier 2 capital		
45% of special reserve	1,123	41,821
45% of the Increase in fair value than the book value for available for sale and held to maturity investments	21,510	147,873
Impairment provision for loans and regular contingent liabilities	742,938	709,302
Total qualifying tier 2 capital	**765,571**	**898,996**
Total capital 1+2	**9,496,498**	**10,265,477**
Risk weighted assets and contingent liabilities		
Total credit risk	59,514,861	56,891,117
Total market risk	2,429,715	1,994,962
Total operational risk	**8,135,709**	**6,478,218**
Total	**70,080,285**	65,364,297
***Capital adequacy ratio (%)**	**13.55%**	15.71%

**Based on consolidated financial statement figures and in accordance with Centeral Bank of Egypt regulation issued on 24 December 2012.*

4. Critical accounting estimates and judgments

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year.

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and available information.

4.1. Impairment losses on loans and advances

The Bank reviews its loan portfolios to assess impairment on monthly basis a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a Bank, or national or local economic conditions that correlate with defaults on assets in the Bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows

are reviewed regularly to reduce any differences between loss estimates and actual loss experience. To the extent that the net present value of estimated cash flows differs by +/-5%

4.2. Impairment of available for-sale equity investments

The Bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of a deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

4.3. Fair value of derivatives

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (as models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

4.4. Held-to-Maturity investments

The non-derivative financial assets with fixed or determinable payments and fixed maturity are being classified held to maturity. This requires significant judgment. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity it will be required to reclassify the entire category as available for sale. The investments would therefore be measured at fair value not amortized cost.

5. Segment analysis

5.1. By business segment

The Bank is divided into main business segments on a worldwide basis:

- Corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products
- Investment banking – incorporating financial instruments Trading, structured financing, Corporate leasing,and merger and acquisitions advice.
- Retail banking – incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages;
- Others –Include other banking business, such as Assets Management.
- Transactions between the business segments are on normal commercial terms and conditions.

EGP

Dec. 31, 2013	Corporate banking	SME's	Investment banking	Retail banking	Total
Revenue according to business segment	4,433,071,220	698,163,082	291,097,803	1,666,363,119	7,088,695,224
Expenses according to business segment	(1,626,606,779)	(316,973,281)	(90,547,864)	(877,974,630)	(2,912,102,554)
Profit before tax	**2,806,464,441**	**381,189,801**	**200,549,939**	**788,388,489**	**4,176,592,670**
Tax	(802,003,135)	(119,972,068)	-	(248,129,927)	(1,170,105,130)
Profit for the year	**2,004,461,306**	**261,217,733**	**200,549,939**	**540,258,562**	**3,006,487,540**
Total assets	**99,625,963,987**	**2,601,325,392**	**1,275,407,237**	**10,249,298,810**	**113,751,995,426**

Dec. 31, 2012	Corporate banking	SME's	Investment banking	Retail banking	Total
Revenue according to business segment	3,329,477,415	731,332,747	(273,334,474)	1,610,326,906	5,397,802,594
Expenses according to business segment	(1,124,760,077)	(308,458,766)	(25,353,002)	(859,123,551)	(2,317,695,396)
Profit before tax	**2,204,717,338**	**422,873,981**	**(298,687,476)**	**751,203,355**	**3,080,107,198**
Tax	(556,045,847)	(107,289,406)	-	(190,591,442)	(853,926,695)
Profit for the year	**1,648,671,491**	**315,584,575**	**(298,687,476)**	**560,611,913**	**2,226,180,503**
Total assets	**80,503,587,353**	**2,626,503,517**	**1,451,894,947**	**9,374,557,798**	**93,956,543,615**

5.2. By geographical segment

EGP

Dec. 31, 2013	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	6,082,887,675	907,098,338	98,709,211	7,088,695,224
Expenses according to geographical segment	(2,169,461,195)	(654,444,883)	(88,196,476)	(2,912,102,554)
Profit before tax	**3,913,426,480**	**252,653,455**	**10,512,735**	**4,176,592,670**
Tax	(1,084,005,294)	(82,660,394)	(3,439,442)	(1,170,105,130)
Profit for the year	**2,829,421,186**	**169,993,061**	**7,073,293**	**3,006,487,540**
Total assets	**104,133,954,438**	**8,163,839,552**	**1,454,201,436**	**113,751,995,426**

Dec. 31, 201	Cairo	Alex, Delta & Sinai	UpperEgypt	Total
Revenue according to geographical segment	4,361,404,048	887,705,321	148,693,225	5,397,802,594
Expenses according to geographical segment	(1,834,683,705)	(399,008,070)	(84,003,621)	(2,317,695,396)
Profit before tax	**2,526,720,343**	**488,697,251**	**64,689,604**	**3,080,107,198**
Tax	(699,773,113)	(136,133,396)	(18,020,186)	(853,926,695)
Profit for the year	**1,826,947,230**	**352,563,855**	**46,669,418**	**2,226,180,503**
Total assets	**83,616,308,538**	**9,048,557,087**	**1,291,677,989**	**93,956,543,615**

6. Net interest income

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Interest and similar income		
Banks	201,284,007	132,463,454
Clients	3,915,076,745	3,523,926,754
	4,116,360,752	**3,656,390,208**
Treasury bills and bonds	5,234,074,523	4,021,144,937
Reverse repos	27,135,663	17,423,270
Financial investments in held to maturity and available for sale debt instruments	143,080,215	164,324,240
Other	45,988	29,184
Total	**9,520,697,141**	**7,859,311,839**
Interest and similar expense		
Banks	91,504,193	181,169,862
Clients	4,345,497,789	3,449,759,729
	4,437,001,982	**3,630,929,591**
Financial instruments purchased with a commitment to re-sale (Repos)	25,580,494	310,995,070
Other	4,366,685	3,760,975
Total	**4,466,949,161**	**3,945,685,636**
Net interest income	**5,053,747,980**	**3,913,626,203**

7. Net income from fee and commission

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Fee and commission income		
Fee and commissions related to credit	761,430,244	470,471,721
Custody fee	166,688,052	133,589,290
Other fee	507,989,389	429,567,003
Total	**1,436,107,685**	**1,033,628,014**
Fee and commission expense		
Other fee paid	128,827,179	107,365,742
Total	**128,827,179**	**107,365,742**
Net income from fee and commission	**1,307,280,506**	**926,262,272**

8. Dividend income

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Trading securities	-	578,098
Available for sale securities	16,915,364	28,015,018
Associates co.	5,694,250	4,517,707
Total	**22,609,614**	**33,110,823**

9. Net trading income

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Profit (losses) from foreign exchange	442,009,259	249,583,425
Profit (losses) from revaluations of trading assets and liabilities in foreign currencies	4,293,215	3,010,519
Profit (Loss) from forward foreign exchange deals revaluation	(20,513,102)	6,669,087
Profit (Loss) from interest rate swaps revaluation	(1,097,874)	212,030
Profit (Loss) from currency swap deals revaluation	4,095,705	(2,963,355)
Trading debt instruments	332,508,008	311,074,819
Trading equity instruments	6,097,122	6,988,651
Total	**767,392,333**	**574,575,176**

10. Administrative expenses

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Staff costs		
Wages and salaries	858,673,775	761,672,607
Social insurance	34,795,512	30,542,233
Other benefits	32,515,510	30,941,993
Other administrative expenses	924,959,239	736,244,948
Total	**1,850,944,036**	**1,559,401,781**

11. Other operating (expenses) income

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Profits (Losses) from non-trading assets and liabilities revaluation	89,858,233	36,631,170
Profits (losses) from selling property, plant and equipment	740,692	2,387,583
Release (charges) of other provisions	(133,065,974)	(47,537,825)
Others	(119,863,505)	(94,788,020)
Total	**(162,330,554)**	**(103,307,092)**

12. Impairment (charge) release for credit losses

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Loans and advances to customers	(915,581,874)	(609,971,077)
Total	**(915,581,874)**	**(609,971,077)**

13. Adjustments to calculate the effective tax rate

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Profit before tax	4,176,481,713	3,080,917,168
* Tax settlement for prior years	-	(65,137,014)
Profit after settlement	**4,176,481,713**	**3,015,780,155**
Tax rate	25.00%	24.98%
Income tax based on accounting profit	**1,044,120,427**	**753,445,039**
Add / (Deduct)		
Non-deductible expenses	55,869,494	23,146,604
Tax exemptions	(71,693,816)	(82,115,715)
Effect of provisions	140,691,487	88,495,041
Depreciation	1,117,537	5,818,873
Income tax	**1,170,105,129**	**788,789,842**
Effective tax rate	**28.02%**	**26.16%**

**Tax claims for the year ended on December.31, 2011*

14. Earning per share

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Net profit for the period available for distribution	2,716,110,919	2,379,297,994
Board member's bonus	(40,741,664)	(35,689,470)
Staff profit sharing	(271,611,092)	(237,929,799)
*** Profits shareholders' Stake**	**2,403,758,163**	**2,105,678,724**
Number of shares	900,243,569	900,243,569
Basic earning per share	**2.67**	**2.34**
By issuance of ESOP earning per share will be:		
Number of shares including ESOP shares	914,378,753	911,239,406
Diluted earning per share	**2.63**	**2.31**

** Based on dividend of separate financial statements.*

15. Cash and balances with Central Bank

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Cash	1,683,360,064	1,744,700,680
Obligatory reserve balance with CBE		
Current accounts	3,121,614,173	3,649,273,444
Total	**4,804,974,237**	**5,393,974,124**
Non-interest bearing balances	**4,804,974,237**	**5,393,974,124**

16. Due from banks

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Current accounts	630,960,653	317,264,173
Deposits	8,372,990,237	7,730,556,215
Total	**9,003,950,890**	**8,047,820,388**
Central banks	3,225,196,041	3,093,850,399
Local banks	757,539,078	590,696,679
Foreign banks	5,021,215,771	4,363,273,310
Total	**9,003,950,890**	**8,047,820,388**
Non-interest bearing balances	163,771,764	152,732,954
Fixed interest bearing balances	8,840,179,126	7,895,087,434
Total	**9,003,950,890**	**8,047,820,388**
Current balances	9,003,950,890	8,047,820,388
Total	**9,003,950,890**	**8,047,820,388**

17. Treasury bills and other governmental notes

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
91 Days maturity	6,534,713,622	3,182,683,419
182 Days maturity	7,197,085,800	4,022,757,000
364 Days maturity	11,010,949,677	4,458,084,085
Unearned interest	(1,077,320,283)	(470,058,411)
Total 1	**23,665,428,816**	**11,193,466,093**
Repos - treasury bills	-	(3,175,711,661)
Total 2	**-**	**(3,175,711,661)**
Net	**23,665,428,816**	**8,017,754,432**

18. Trading financial assets

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Debt instruments		
- Governmental bonds	2,047,967,761	1,138,056,688
- Other debt instruments	48,870,658	43,043,738
Total	**2,096,838,419**	**1,181,100,426**
Equity instruments		
- Companies shares	43,071,616	15,877,741
- Mutual funds	146,574,546	318,347,334
Total	**189,646,162**	**334,225,076**
Total financial assets for trading	**2,286,484,581**	**1,515,325,502**

19. Loans and advances to banks

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Time and term loans	153,833,294	1,208,166,369
Less: Impairment provision	(21,410,562)	(29,298,630)
Total	**132,422,732**	**1,178,867,739**
Current balances	102,219,834	1,172,317,036
Non-current balances	30,202,898	6,550,703
Total	**132,422,732**	**1,178,867,739**

Analysis for impairment provision of loans and advances to banks

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Bigining balance	29,298,630	37,950,503
Charge (release) during the year	(9,224,786)	(11,450,369)
Exchange revaluation difference	1,336,718	2,798,496
Ending balance	**21,410,562**	**29,298,630**

20. Loans and advances to customers

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Individual		
- Overdraft	1,173,942,998	1,220,222,219
- Credit cards	765,623,964	660,932,044
- Personal loans	4,181,386,392	3,616,553,758
- Mortgages	383,143,670	463,833,879
- Other loans	10,841,736	20,045,324
Total 1	**6,514,938,760**	**5,981,587,224**
Corporate		
- Overdraft	4,910,810,545	4,288,571,348
- Direct loans	24,125,578,810	23,196,204,054
- Syndicated loans	9,630,556,651	9,588,649,990
- Other loans	109,231,797	87,795,754
Total 2	**38,776,177,803**	**37,161,221,146**
Total Loans and advances to customers (1+2)	**45,291,116,563**	**43,142,808,370**
Less:		
Unamortized bills discount	(6,634,495)	(22,277,973)
Impairment provision	(2,842,840,136)	(1,901,222,402)
Unearned interest	(708,390,220)	(520,994,222)
Net loans and advances to customers	**41,733,251,712**	**40,698,313,773**
Distributed to		
Current balances	16,679,527,211	16,908,542,925
Non-current balances	25,053,724,501	23,789,770,848
Total	**41,733,251,712**	**40,698,313,773**

Analysis for impairment provision of loans and advances to customers

Dec. 31, 2013	Individual					
	Overdraft	Credit cards	Personal loans	Real estate loans	Other loans	Total
Beginning balance	10,753,047	8,328,331	74,435,554	13,376,859	1,090,931	107,984,722
Charged (Released) during the year	270,365	2,567,525	8,225,083	407,070	2,117,699	13,587,742
Write off during the year	(2,755,707)	(7,254,445)	-	-	-	(10,010,152)
Recoveries from written off debts	964,713	4,749,763	-	-	-	5,714,476
Ending balance	**9,232,418**	**8,391,174**	**82,660,637**	**13,783,929**	**3,208,630**	**117,276,788**

Dec. 31, 2013	Corporate				
	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Beginning balance	209,551,228	1,242,015,939	336,568,605	5,101,908	1,793,237,680
Charged (Released) during the year	118,563,373	663,119,750	129,670,518	(134,722)	911,218,919
Write off during the year	-	(6,811,042)	(81,425,110)	-	(88,236,152)
Recoveries from written off debts	-	13,906,294	31,417,986	-	45,324,280
Exchange revaluation difference	6,088,062	41,099,887	16,830,672	-	64,018,621
Ending balance	**334,202,663**	**1,953,330,828**	**433,062,671**	**4,967,186**	**2,725,563,348**

Dec. 31, 2012	Individual					
	Overdraft	Credit cards	Personal loans	Real estate loans	Other loans	Total
Beginning balance	20,377,614	42,290,218	76,502,471	11,876,297	1,593,932	152,640,532
Charged (Released) during the year	(9,624,567)	(8,977,018)	68,706	1,500,562	(503,001)	(17,535,318)
Write off during the year	-	(29,454,339)	(2,135,623)	-	-	(31,589,962)
Recoveries from written off debts	-	4,469,470	-	-	-	4,469,470
Ending balance	**10,753,047**	**8,328,331**	**74,435,554**	**13,376,859**	**1,090,931**	**107,984,722**

Dec. 31, 2012	Corporate				
	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Beginning balance	167,655,394	790,797,773	306,628,666	1,686,738	1,266,768,571
Charged (Released) during the year	39,209,960	420,954,828	178,455,887	336,089	638,956,764
Write off during the year	-	-	(154,721,287)	-	(154,721,287)
Recoveries from written off debts	-	14,726,449	-	-	14,726,449
Exchange revaluation difference	2,685,874	15,536,889	6,205,339	3,079,081	27,507,183
Ending balance	**209,551,228**	**1,242,015,939**	**336,568,605**	**5,101,908**	**1,793,237,680**

21. Derivative financial instruments

21.1. Derivatives

The Bank uses the following financial derivatives for non hedging purposes.

Forward contracts represents commitments of buying foreign and local currencies including unexecuted spot transactions. Future contracts for foreign currencies and/or interest rates represents contractual commitments to receive or pay net on the basis of changes in foreign exchange rates or interest rates, and/or buying or selling foreign currencies or financial instruments in a future date with a fixed contractual price under active financial market.

Credit risk is considered low, and future interest rate contracts represents future exchange rate contracts negotiated for case by case, these contracts requires financial settlements of any differences in contractual interest rates and prevailing market interest rates on future interest rates on future dates based on contractual amount (nominal value) pre agreed upon.

Foreign exchange and/or interest rate swap represents commitments to exchange cash flows, resulting from these contracts exchange of currencies or interest (fixed rate versus variable rate for example) or both (meaning foreign exchange and interest rate contracts)/ contractual amounts are not exchanged except for some foreign exchange contracts.

Credit risk is represented in the expected cost of foreign exchange contracts that takes place if other parties default to fulfill their liabilities. This risk is monitored continuously through comparisons of fair value and contractual amount, and to control the outstanding credit risk, The Bank evaluates other parties using the same methods as in borrowing activities.

Options contracts in foreign currencies and/or interest rates represents contractual agreements for the buyer (issuer) to seller (holders) as a right not an obligations whether to buy (buy option) or to sell (sell option) at a certain day or within certain period for a certain amount in foreign currency or interest rate. Options contracts are either traded in the market or negotiated between The Bank and one of its clients (Off balance sheet). The Bank exposed to credit risk for purchased options contracts only and in the line of its book cost which represent its fair value.

The contractual value for some derivatives options considered a base to compare the realized financial instruments on the balance sheet, but it didn't provide indicator on the projected cash flows of the fair value for current instruments, those amounts doesn't reflects credit risk or interest rate risk.

Derivatives in The Banks benefit represent (assets) conversely it represents (liabilities) as a result of the changes in foreign exchange prices or interest rates related to these derivatives. Contractual / expected total amounts of financial derivatives can fluctuate from time to time and also the range through which the financial derivatives can be in benefit of The Bank or conversely against its benefit and the total fair value of the financial derivatives in assets and liabilities. hereunder are the fair values of the booked financial derivatives.

21.1.1. For trading derivatives

	Dec. 31, 2013			Dec. 31, 2012		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Foreign derivatives						
Forward foreign exchange contracts	1,250,176,084	13,375,501	18,954,700	1,996,990,255	16,812,998	959,570
Currency swap	1,990,431,463	22,576,221	12,311,533	1,258,600,443	9,781,221	3,612,239
Options	38,331,489	13,794,115	13,794,115	770,698,823	7,723,601	7,723,601
Total 1		**49,745,837**	**45,060,348**		**34,317,820**	**12,295,410**
Interest rate derivatives						
Interest rate swaps	389,501,781	6,679,325	3,744,177	859,324,209	12,630,731	8,739,696
Total 2		**6,679,325**	**3,744,177**		**12,630,731**	**8,739,696**
Commodity	0	-	-	12,149,920	134,026	134,026
Total 3		-	-		**134,026**	**134,026**
Total assets (liabilities) for trading derivatives (1+2+3)		**56,425,162**	**48,804,525**		**47,082,577**	**21,169,132**

21.1.2. Fair value hedge

	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate derivatives						
Governmental debit instruments hedging	603,658,200	-	57,476,340	549,753,000	-	97,708,858
Customers deposits hedging	3,847,747,181	46,660,376	8,597,718	4,293,389,812	90,377,184	221,270
Total 4		**46,660,376**	**66,074,058**		**90,377,184**	**97,930,128**
Total financial derivatives (1+2+3+4)		**103,085,538**	**114,878,583**		**137,459,761**	**119,099,260**

21.2. Hedging derivatives

21.2.1. Fair value hedge

The Bank uses interest rate swap contracts to cover part of the risk of potential decrease in fair value of its fixed rate governmental debt instruments in foreign currencies. Net derivative value resulting from the related hedging instruments is EGP 57,476,340 at the December 31, 2013 against EGP 97,708,858 at the December 31, 2012, Resulting in net gain form hedging instruments at the December 31, 2013 EGP 40,232,518 against net loss EGP 19,194,046 at the December 31, 2012. Losses arises from the hedged items at the December 31, 2013 reached EGP 48,856,503 against profits arises EGP 14,842,228 at the December 31, 2012.

The Bank uses interest rate swap contracts to cover part of the risk of potential increase in fair value of its fixed rate customers deposits in foreign currencies. Net derivative value resulting from the related hedging instruments is EGP 38,062,657 at the end of December, 2013 against EGP 90,155,914 at the December 31, 2012, Resulting in net losses form hedging instruments at the December 31, 2013 EGP 52,093,256 against net profit EGP 32,507,675 at the December 31, 2012. Gains arises from the hedged items at the 31 December , 2013 reached EGP 60,223,650 against losses EGP 27,731,731 at the 31 December , 2012.

22. Financial investments

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Available for sale		
- Listed debt instruments with fair value	22,556,422,828	20,607,710,266
- Listed equity instruments with fair value	86,327,447	84,923,090
- Unlisted instruments	735,354,207	484,794,241
Total	**23,378,104,482**	**21,177,427,597**
Held to maturity		
- Listed debt instruments	4,169,664,155	4,154,712,549
- Unlisted instruments	27,512,500	61,075,411
Total	**4,197,176,655**	**4,215,787,960**
Total financial investment	27,575,281,137	25,393,215,557
- Actively traded instruments	25,972,996,185	23,771,302,303
- Not actively traded instruments	1,602,284,952	1,621,913,254
Total	**27,575,281,137**	**25,393,215,557**
Fixed interest debt instruments	25,801,806,120	23,621,268,407
Floating interest debt instruments	1,097,845,069	1,237,877,696
Total	**26,899,651,189**	**24,859,146,103**

	Available for sale financial investments	Held to maturity financial investments	Total EGP
Beginning balance	15,421,546,277	39,159,519	15,460,705,796
Addition	10,169,757,165	4,176,628,441	14,346,385,606
Deduction (selling - redemptions)	(5,342,793,206)	-	(5,342,793,206)
Exchange revaluation differences for foreign financial assets	60,242,239	-	60,242,239
Profit (losses) from fair value difference	895,941,363	-	895,941,363
Impairment (charges) release	(27,266,242)	-	(27,266,242)
Ending Balance	**21,177,427,597**	**4,215,787,960**	**25,393,215,557**
Beginning balance	21,177,427,597	4,215,787,960	25,393,215,557
Addition	7,463,491,687	-	7,463,491,687
Deduction (selling - redemptions)	(4,519,338,289)	(18,611,305)	(4,537,949,594)
Exchange revaluation differences for foreign financial assets	124,230,792	-	124,230,792
Profit (losses) from fair value difference	(834,813,374)	-	(834,813,374)
Impairment (charges) release	(32,893,931)	-	(32,893,931)
Ending Balance	**23,378,104,482**	**4,197,176,655**	**27,575,281,137**

22.1. Profit (Losses) from financial investments

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Profit (Loss) from selling available for sale financial instruments	4,362,940	519,013
Impairment release (charges) of available for sale equity instruments	(32,893,931)	(27,859,838)
Impairment release (charges) of available for sale debt instruments	-	593,597
Profit (Loss) from selling held to maturity debt investments	(141,135)	(162,078)
Total	**(28,672,126)**	**(26,909,306)**

23. Investments in associates

Dec. 31, 2013	Company's country	Company's assets	Company's liabilities (without equity)	Company's revenues	Company's net profit	Investment book value EGP	Stake %
Associates							
Commercial International Life Insurance	Egypt	2,202,120,593	2,124,146,722	302,442,516	5,621,494	53,757,396	45
Corplease	Egypt	1,921,220,750	1,723,876,875	378,253,425	16,884,595	88,281,648	43
Haykala for investment	Egypt	4,573,801	199,111	581,125	478,935	1,465,478	40
Egypt Factors	Egypt	434,219,114	379,404,778	32,679,897	425,843	40,880,870	39
International Co. for Security and Services (Falcon)	Egypt	126,867,912	104,633,380	120,221,686	5,344,162	8,367,485	40
Total		**4,689,002,170**	**4,332,260,866**	**834,178,649**	**28,755,029**	**192,752,878**	

Dec. 31, 2012	Company's Country	Company's Assets	Company's Liabilities (without equity)	Company's Revenues	Company's Net Profit	Investment book value EGP	Stake %
Associates							
Commercial International Life Insurance	Egypt	1,768,401,691	1,711,942,438	253,087,786	(969,320)	49,456,444	45
Corplease	Egypt	1,539,490,355	1,361,597,602	317,924,102	9,974,915	69,710,183	40
Haykala for Investment	Egypt	3,875,454	180,722	270,000	209,835	1,170,896	40
Egypt Factors	Egypt	203,984,151	151,643,286	18,514,114	(3,608,534)	38,373,478	39
International Co. for Security and Services (Falcon)	Egypt	91,085,635	79,197,211	106,514,090	1,219,081	6,487,632	40
Total		**3,606,837,286**	**3,304,561,259**	**696,310,092**	**6,825,976**	**165,198,634**	

24. Investment property *

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Commercial unit number f 35 in arkadia mall (14 elbahr st. Boulak kornish el nile)	432,000	432,000
338.33 meters on a land and building the property number 16 elmakrizi st. Heliopolis	-	700,000
Land area with 1468.85 meters elsaidi basin -markaz nabrouh eldakahlia	1,121,965	1,121,965
Land and a bulding in elmansoura elnahda street 766.3 meters	3,463,000	3,463,000
Agricultural area 1 feddan 14t and 17.25 shares near el azazi fakous elsharkia	161,000	161,000
Agricultutral area - markaz shebin eldakahlia	4,517,721	4,517,721
Total	**9,695,686**	**10,395,686**

** Including non registered properties by EGP 6,232,686 which were acquired against settlement of loans to customers and legal procedures is taking to registered these properties or sell them during the legal period.*

25. Other assets

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Accrued revenues	1,695,498,707	1,632,481,861
Prepaid expenses	131,518,888	91,741,953
Advances to purchase of fixed assets	134,327,476	96,919,829
Accounts receivable and other assets	910,752,008	644,824,093
Assets acquired as settlement of debts	20,245,803	8,977,329
Total	**2,892,342,882**	**2,474,945,065**

26. Property, plant and equipment

Dec. 31, 2013	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total
Beginning gross assets (1)	60,575,261	407,137,289	855,453,783	54,254,811	347,435,424	290,416,691	127,403,538	2,142,676,797
Additions (deductions) during the year	3,924,261	214,973,061	161,704,212	8,609,546	49,901,395	41,204,706	12,382,955	492,700,136
Ending gross assets (2)	**64,499,522**	**622,110,350**	**1,017,157,995**	**62,864,357**	**397,336,819**	**331,621,397**	**139,786,493**	**2,635,376,933**
Accu.depreciation at beginning of the year (3)	-	181,000,079	656,413,664	32,187,369	276,816,541	220,840,761	91,962,537	1,459,220,951
Current year depreciation	-	24,795,643	72,485,723	4,033,008	40,116,114	42,810,367	22,738,233	206,979,088
Accu.depreciation at end of the year (4)	-	**205,795,722**	**728,899,387**	**36,220,377**	**316,932,655**	**263,651,128**	**114,700,770**	**1,666,200,039**
Ending net assets (2-4)	**64,499,522**	**416,314,628**	**288,258,608**	**26,643,980**	**80,404,164**	**67,970,269**	**25,085,723**	**969,176,894**
Beginning net assets (1-3)	**60,575,261**	**226,137,210**	**199,040,119**	**22,067,442**	**70,618,883**	**69,575,930**	**35,441,001**	**683,455,846**
Depreciation rates		%5	%33.3	%20	%33.3	%20	%20	

Net fixed assets value on the balance sheet date includes EGP 21,769,393 non registered assets while their registrations procedures are in process.

27. Due to banks

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Current accounts	1,038,717,040	369,862,716
Deposits	334,693,000	1,345,000,000
Total	**1,373,410,040**	**1,714,862,716**
Central banks	3,853,779	7,546,231
Local banks	313,337,889	1,362,363,985
Foreign banks	1,056,218,372	344,952,500
Total	**1,373,410,040**	**1,714,862,716**
Non-interest bearing balances	1,026,035,993	354,394,897
Fixed interest bearing balances	347,374,047	1,360,467,819
Total	**1,373,410,040**	**1,714,862,716**
Current balances	1,038,717,040	369,862,716
Non-current balances	334,693,000	1,345,000,000
Total	**1,373,410,040**	**1,714,862,716**

28. Due to customers

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Demand deposits	22,949,345,699	16,928,995,312
Time deposits	30,507,692,856	24,133,038,485
Certificates of deposit	25,259,128,705	24,299,048,221
Saving deposits	16,786,188,314	12,106,727,204
Other deposits	1,343,327,834	1,261,312,266
Total	**96,845,683,408**	**78,729,121,488**
Corporate deposits	48,299,667,997	36,658,501,586
Individual deposits	48,546,015,411	42,070,619,902
Total	**96,845,683,408**	**78,729,121,488**
Non-interest bearing balances	24,292,673,533	18,190,307,578
Fixed interest bearing balances	72,553,009,875	60,538,813,910
Total	**96,845,683,408**	**78,729,121,488**
Current balances	70,206,368,513	51,870,912,649
Non-current balances	26,639,314,895	26,858,208,839
Total	**96,845,683,408**	**78,729,121,488**

29. Long term loans

	Interest rate %	Maturity date	Maturing through next year EGP	Balance on Dec. 31, 2013 EGP	Balance on Dec. 31, 2012 EGP
Financial Investment & Sector Cooperation (FISC)	3.5 - 5.5 depends on maturity date	3-5 years	555,556	555,556	19,095,238
Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	28,310,000	31,380,000	61,400,000
Social Fund for Development (SFD)	3 months T/D or 9% which is more		35,486,000	100,217,671	-
Total			**64,351,556**	**132,153,227**	**80,495,238**

30. Other liabilities

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Accrued interest payable	564,960,679	430,377,730
Accrued expenses	351,865,685	256,350,678
Accounts payable	481,478,219	478,367,052
Income tax	1,179,708,811	819,361,660
Other credit balances	78,652,074	74,547,893
Total	**2,656,665,468**	**2,059,005,013**

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31. Other provisions

Dec. 31, 2013	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance EGP
Provision for income tax claims	14,962,108	3,625,000	-	(4,541,827)	-	14,045,281
Provision for legal claims	28,619,510	1,321,932	1,851	(753,510)	(141,521)	29,048,262
Provision for Stamp Duty	-	31,000,000	-	-	-	31,000,000
Provision for contingent	257,900,430	88,074,156	16,745,849	-	-	362,720,435
Provision for other claim*	**14,006,334**	**8,936,407**	**30,556**	**(5,088,275)**	-	**17,885,022**
Total	**315,488,382**	**132,957,495**	**16,778,256**	**(10,383,612)**	**(141,521)**	**454,699,000**

Dec. 31, 2012	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance EGP
Provision for income tax claims	16,553,685	-	-	(1,591,577)	-	14,962,108
Provision for legal claims	35,171,960	4,924,686	11,983	(10,958,065)	(531,054)	28,619,510
Provision for contingent	210,103,042	40,594,505	7,202,883	-	-	257,900,430
Provision for other claim	8,973,223	6,353,586	16,075	(1,336,550)	-	14,006,334
Total	**270,801,909**	**51,872,777**	**7,230,941**	**(13,886,192)**	**(531,054)**	**315,488,382**

* *Provision for other claim formed on December 31, 2013 amounted to 8,936,407 EGP to face the potential risk of banking operations against amount 6,353,586 EGP on December 31, 2012 .*

32. Equity

32.1. Capital

The authorized capital reached EGP 20 billion according to the extraordinary general assembly decision on March 17, 2010.

Issued and Paid in Capital reached EGP 9,002,435,690 to be divided on 900,243,569 shares with EGP 10 par value for each share based on:

- Increase issued and Paid in Capital by amount EGP 2,950,721,800 on July 15, 2010 according to Board of Directors decision on May 12 ,2010 by distribution of one share for every outstanding share by capitalizing on the General Reserve and part of the Legal Reserve.
- Increase issued and Paid in Capital by amount EGP 33,119,390 on July 31, 2011 in according to Board of Directors decision on November 10,2010 by issuance of second tranch for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 37,712,420 on April 9, 2012 in according to Board of Directors decision on December 22,2011 by issuance of third tranch for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 29,348,380 On April 7,2013 to reach EGP 6,001,623,790 according to Board of Directors decision on october 24,2012 by issuance of fourth tranch for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 3,000,811,895 on December 5, 2013 according to Board of Directors decision on May 15 ,2013 by distribution of a one share for every two outstanding shares by capitalizing on the General Reserve.
- The Extraordinary General Assembly approved in the meeting of June 26, 2006 to activate a motivating and rewarding program for the Bank's employees and managers through Employee Share Ownership Plans (ESOP) by issuing a maximum of 5% of issued and paid-in capital at par value ,through 5 years starting year 2006 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.
- The Extraordinary General Assembly approved in the meeting of April 13,2011 continue to activate a motivating and rewarding program for The Bank's employees and managers through Employee Share Ownership Plans (ESOP) by issuing a maximum of 5% of issued and paid- in capital at par value ,through 5 years starting year 2011 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.
- Dividend deducted from shareholders' equity in the Year that the General Assembly approves the dispersment the shareholders of this dividend, which includes staff profit share and remuneration of the Board of Directors stated in the law.

32.2. Reserves

According to The Bank status 5% of net profit is to increase legal reserve until it reaches 50% of The Bank's issued and paid in capital.

Central Bank of Egypt concurrence for usage of special reserve is required.

33. Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Dec. 31, 2013 Assets (Liabilities) EGP	Dec. 31, 2012 Assets (Liabilities) EGP
Fixed assets (depreciation)	(25,569,586)	(19,439,154)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	12,531,360	10,998,616
Other investments impairment	49,219,205	41,089,042
Reserve for employee stock ownership plan (ESOP)	47,376,240	38,801,679
Total	**83,557,219**	**71,450,183**

34. Share-based payments

According to the extraordinary general assembly meeting on June 26, 2006, The Bank launched new Employees Share Owner-shipPlan (ESOP) scheme and issued equity-settled share-based payments. Eligible employees should complete a term of 3 years of service in The Bank to have the right in ordinary shares at face value (right to share) that will be issued on the vesting date, otherwise such grants will be forfeited. Equity-settled share-based payments are measured at fair value at the grant date, and expensed on a straight-line basis over the vesting period (3 years) with corresponding increase in equity based on estimated number of shares that will eventually vest(True up model). The fair value for such equity instruments is measured using of Black-Scholes pricing model.

Details of the rights to share outstanding during the period are as follows:

	Dec. 31, 2013 No. of shares	Dec. 31, 2012 No. of shares
Outstanding at the beginning of the year	15,439,582	12,676,036
Granted during the year *	12,245,031	7,208,355
Forfeited during the year	(832,456)	(673,567)
Exercised during the year	(2,934,838)	(3,771,242)
Outstanding at the end of the year	**23,917,319**	**15,439,582**

Details of the outstanding tranches are as follows:

Maturity date	EGP Exercise price	EGP Fair value	No. of shares
2014	10.00	14.17	7,929,874
2015	10.00	6.65	10,032,939
2015	10.00	16.84	5,954,506
Total			**23,917,319**

The fair value of granted shares is calculated using Black-Scholes pricing model with the following:

	7th tranche	6th tranche
Exercise price	10	10
Current share price	34.57	18.7
Expected life (years)	3	3
Risk free rate %	14.5%	16%
Dividend yield%	2.89%	5.35%
Volatility%	40%	38%

Volatility is calculated based on the daily standard deviation of returns for the last three years.

** The equity instruments fair value and number of shares for the fifth, sixth and seventh trenches have been adjusted to reflect the dilution effect of the Stock dividend that took place in 2013*

35. Reserves and retained earnings

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Legal reserve	490,364,921	380,348,755
General reserve	406,090,568	2,036,955,188
Retained earnings (losses)	(546,531,497)	(568,853,097)
Special reserve	27,366,759	117,805,566
Reserve for A.F.S investments revaluation difference	(720,479,005)	153,364,794
Banking risks reserve	1,990,756	103,716,932
Total	**(341,197,498)**	**2,223,338,138**

35.1. Banking risks reserve

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Beginning balance	103,716,932	281,689,619
Transferred from profits	(101,726,176)	(177,972,687)
Ending balance	**1,990,756**	**103,716,932**

35.2. Legal reserve

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Beginning balance	380,348,755	231,344,896
Transfer from special reserve	-	61,697,292
Transferred from previous year profits	110,016,166	87,306,567
Ending balance	**490,364,921**	**380,348,755**

35.3. Reserve for A.F.S investments revaluation difference

	Dec. 31, 2013	Dec. 31, 2012
Beginning balance	153,364,794	(723,343,863)
Unrealized gains (losses) from A.F.S investment revaluation	(873,843,799)	876,708,657
Ending balance	**(720,479,005)**	**153,364,794**

35.4. Retained earnings (losses)

	Dec. 31, 2013	Dec. 31, 2012
Beginning balance	(568,853,097)	(362,379,298)
Dividend previous year	(1,001,979)	(15,105,920)
Change during the period	(146,015)	(58,260,105)
Transferred from special reserve	-	1,001,979
Transferred to retained earnings (losses)	23,469,594	(134,109,753)
Ending balance	**(546,531,497)**	**(568,853,097)**

36. Cash and cash equivalent

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Cash and balances with Central Bank	4,804,974,237	5,393,974,124
Due from banks	9,003,950,890	8,047,820,388
Treasury bills and other governmental notes	23,665,428,816	8,017,754,432
Obligatory reserve balance with CBE	(3,224,658,841)	(3,093,283,199)
Due from banks (time deposits) more than three months	(5,148,331,396)	(4,637,273,016)
Treasury bills with maturity more than three months	(17,212,737,030)	(8,063,078,264)
Total	**11,888,626,676**	**5,665,914,465**

37. Contingent liabilities and commitments

37.1. Legal claims

There are a number of existing cases filed against the bank on December.31,2013 without provision as it's not expected to make any losses from it.

37.2. Capital commitments

37.2.1. Financial investments

The capital commitments for the financial investments reached on the date of financial position EGP 42,693,921 as follows:

	Investments value EGP	Paid EGP	Remaining EGP
Available for sale financial investments	101,813,351	59,119,430	42,693,921

37.2.2.Fixed assets and branches constructions

The value of commitments for the purchase of fixed assets contracts and branches constructions that have not been implemented till the date of financial statement amounted to EGP 49,361,799.

37.3. Letters of credit, guarantees and other commitments

	Dec. 31, 2013 EGP	Dec. 31, 2012 EGP
Letters of guarantee	14,959,322,507	12,787,512,199
Letters of credit (import and export)	750,766,099	933,297,936
Customers acceptances	472,350,554	1,176,928,870
Total	**16,182,439,160**	**14,897,739,005**

38. Mutual funds

Osoul fund

- The Bank established an accumulated return mutual fund under license no.331 issued from capital market authority on February 22, 2005 CI Assets Management Co.- Egyptian joint stock co-manages the fund.
- The number of certificates issued reached 23,984,353 with redeemed value EGP 5,151,359,337.
- The market value per certificate reached EGP 214.78 on December 31, 2013.
- The Bank portion got 601,064 certificates with redeemed value EGP 129,096,526.

Istethmar fund

- CIB bank established the second accumulated return mutual fund under license no.344 issued from capital market authority on February 26, 2006. CI Assets Management Co.- Egyptian joint stock co-manages the fund.
- The number of certificates issued reached 2,192,761 with redeemed value EGP 160,619,743.
- The market value per certificate reached EGP 73.25 on December 31, 2013.
- The Bank portion got 194,744 certificates with redeemed value EGP 14,264,998.

Aman fund (CIB and Faisal Islamic Bank Mutual Fund)

- The Bank and Faisal Islamic Bank established an accumulated return mutual fund under license no.365 issued from capital market authority on July 30, 2006. CI Assets Management Co.- Egyptian joint stock co-manages the fund.
- The number of certificates issued reached 677,076 with redeemed value EGP 32,797,561.
- The market value per certificate reached EGP 48.44 on December 31, 2013.
- The Bank portion got 71,943 certificates with redeemed value EGP 3,484,919.

Hemaya fund

- CIB bank established an accumulated return mutual fund under license no.585 issued from financial supervisory Authority on June 23, 2010. CI Assets Management Co.- Egyptian joint stock co-manages the fund.
- The number of certificates issued reached 174,507 with redeemed value EGP 22,715,576.
- The market value per certificate reached EGP 130.17 on December 31, 2013.
- The Bank portion got 50,000 certificates with redeemed value EGP 6,508,500.

Thabat fund

- CIB bank established an accumulated return mutual fund under license no.613 issued from financial supervisory authority on September 13, 2011. CI Assets Management Co.- Egyptian joint stock co-manages the fund.
- The number of certificates issued reached 692,432 with redeemed value EGP 91,255,613.
- The market value per certificate reached EGP 131.79 on December 31, 2013.
- The Bank portion got 52,404 certificates with redeemed value EGP 6,906,323.

39. Transactions with related parties

All banking transactions with related parties are conducted in accordance with the normal banking practices and regulations applied to all other customers without any discrimination.

39.1. Loans, advances, deposits and contingent liabilities

	EGP
Loans and advances	798,500,693
Deposits	255,620,430
Contingent liabilities	74,610,853

39.2. Other transactions with related parties

	Income EGP	Expenses EGP
International Co. for Security & Services	1,120,494	39,767,569
Corplease Co.	63,349,222	48,194,625
Commercial International Life Insurance Co.	2,450,265	1,170,156

40. Intangible assets

	EGP
Brand	336,790,272
Licenses	20,000,000
Contracts	119,694,389
Customer Relationships	198,187,745
Total	**674,672,406**
Amortization Till December 2012	(674,672,406)
Net Intangible Assets	-

The economic life for intangible assets were estimated to be ten years which intangible assets amortize over it except in case of impairment loss indication in this case the impairment loss recognizes through profit and loss.

41. Tax status

- The Bank's corporate income tax position has been examined and settled with the tax authority from the start up of operations up to the end of year 1984.
- Corporate income tax for the years from 1985 up to 2000 were paid according to the tax appeal committee decision and the disputes are
- The Bank's corporate income tax position has been examined and settled with the tax authority from Year 2001 up to Year 2006.
- The Bank pays salary tax according to concerning domestic regulations and laws, and the disputes are under discussion in the court of low
- The Bank stamp duty tax calculated according to concerning domestic regulations and laws,and settlement done in time according to the law, and the disputes are under discussion in the court of law .

42. Main currencies positions

	Dec. 31, 2013 In thousand EGP	Dec. 31, 2012 In thousand EGP
Egyptian pound	(34,719)	12,800
US dollar	6,897	(10,376)
Sterling pound	21,249	1,670
Japanese yen	242	(67)
Swiss franc	(297)	179
Euro	2,247	8,598

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