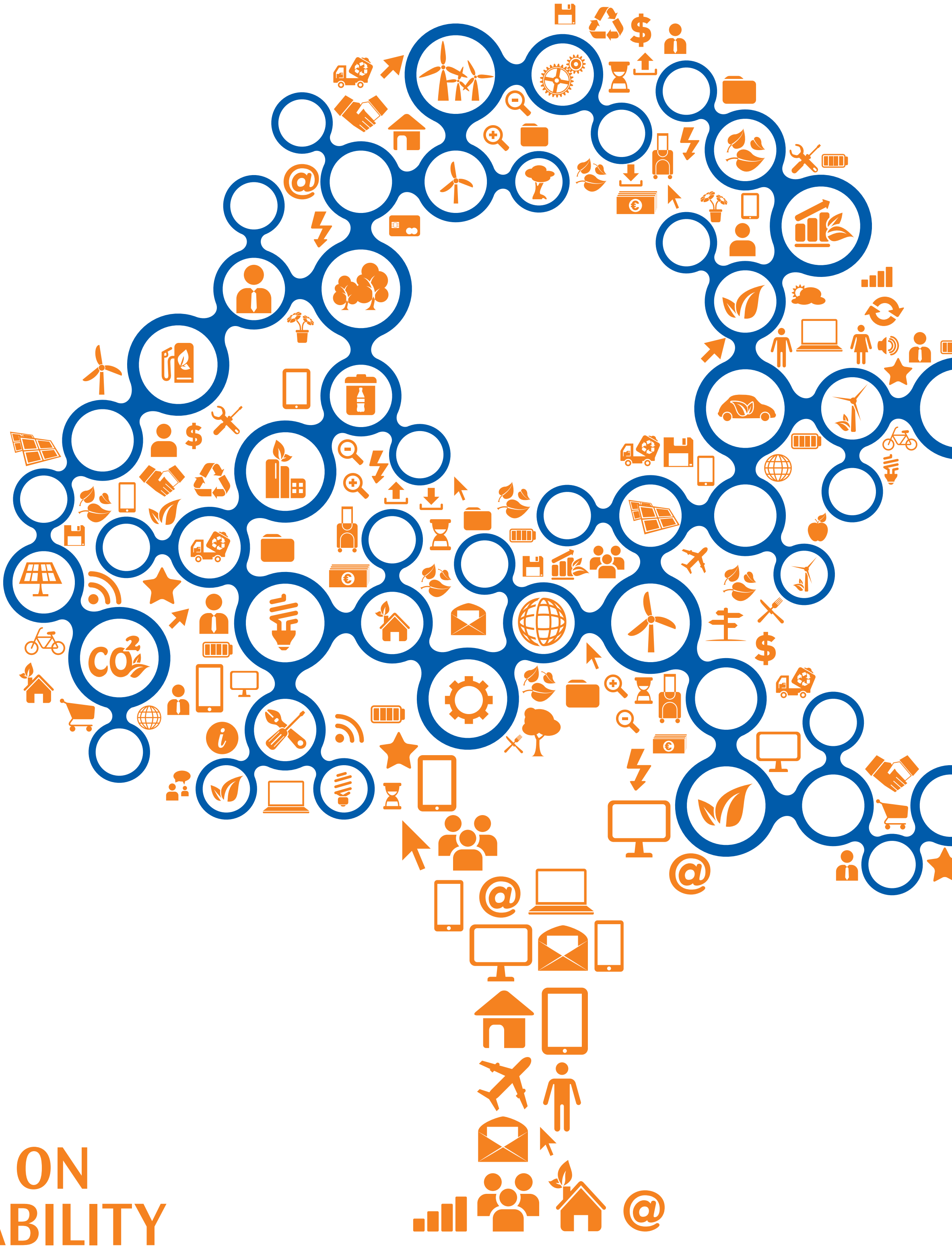
ANNUAL REPORT 2014



BANKING ON SUSTAINABILITY

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CIB: AN INTRODUCTION

Our History and Strategic Milestones

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.

In 2014, Actis undertook a partial realization of its investment in CIB by selling 2.6% of its stake through the open market in March 2014, while keeping its Board seat. In May 2014, the pan-African emerging market investor sold its remaining 6.5% stake to several wholly owned subsidiaries of Fairfax Financial holdings Ltd "Fairfax", thus becoming the only strategic shareholder in CIB. Fairfax Financial Services Holding Company is represented on CIB's board with a non-executive Board member.

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 Business

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 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.

Business Banking

The Business Banking segment is responsible for SMEs under CIB's portfolio, managing over 4,000 retail companies and offering them various products and services that best suit their needs and interests.

Consumer Banking

The Consumer Banking division continues to assert itself as a growing and developing business segment, dedicating extraordinary efforts to improving customer satisfaction and responding to their needs through focusing on promoting a consistent, positive customer experience. 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.
- ***Plus:*** Launched in June 2014, CIB Plus caters to the needs of medium-net-worth individuals and helps pave the way to move up to becoming a Wealth segment client using simplified products, fast track service and personalized service offerings through a network of Plus Bankers.
- ***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.

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.

EGYPT'S NUMBER #1 BANK IN TERMS OF PROFITABILITY AND SUSTAINABILITY

A sustainable future is one that strikes a good balance between profitability, financial health and serving the country's broader socioeconomic and environmental health.

- Profitability achieving EGP 3.7 billion in net income
- Revenue among all Egyptian private sector banks with EGP 8.0 billion in total revenues
- Loan and deposit market share among all Egyptian private sector banks
- Net worth among all Egyptian private sector banks
- Market capitalization in the Egyptian banking sector

KEY FACTS

Our 5,697 employees serve some 697,936 active customers

EGP 143.8 billion in total assets

125,000 Internet banking subscribers

Over 500 of Egypt's largest corporations bank with CIB

The installation of LED lighting will reduce energy consumption by 35%

Planting rooftop gardens and green walls is decreasing CO_2 emissions

The installation of water restrictors has reduced water consumption by 30%

Double-sided printing has decreased paper consumption by 45%

CIB's state-of-the-art Smart Village building

KEY FINANCIAL HIGHLIGHTS

	FY 14 Consolidated	FY 13 Consolidated	FY 12 Consolidated	FY 11 Consolidated	FY 14	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) *					3.55	2.67	2.42	2.43	3.00	2.63	4.89	3.73	3.64	2.77
Dividends (DPS)					1.2	1.0	1.25	1.00	1.00	1.50	1.00	1.00	1.00	1.00
Book Value (BV/No of Share)					16.31	13.46	18.94	15.03	14.59	23.75	19.25	20.93	15.59	19.44
Share Price (EGP) **														
High					51.3	45.4	39.8	47.4	79.49	59.7	93.4	95	79	63.5
Low					32.6	27.4	21.1	18.5	33.75	29.5	27.87	53.61	42.11	39.91
Closing					49.2	32.6	34.6	18.7	47.4	54.68	37.2	91.77	57.87	58.68
Shares Outstanding (millions)					908.2	900.2	597.2	593.5	590.1	292.5	292.5	195	195	130
Market Capitalization (EGP millions)					44,673	29,330	20,646	11,098	27,973	15,994	10,881	17,895	11,285	7,628
Value Measures														
Price to Earnings Multiple (P/E)					13.9	12.2	14.3	7.7	15.8	20.8	7.6	24.6	15.9	21.2
Dividend Yield (based on closing share price)					2.44%	3.07%	3.62%	5.35%	2.11%	2.74%	2.69%	1.09%	1.73%	1.70%
Dividend Payout Ratio					29.88%	34.42%	33.9%	33.9%	27.6%	24.6%	18.1%	15.8%	27.5%	21.3%
Market Value to Book Value Ratio					3.02	2.42	1.83	1.24	3.25	2.30	1.93	4.38	3.71	3.02
Financial Results (EGP millions)														
Net Operating Income	8,001	6,700	5,344	3,934	7,717	6,206	5,108	3,837	3,727	3,173	3,200	2,288	1,741	1,450
Provision for Credit Losses - Specific	589	916	610	321	589	916	610	321	6	9	346	193	176	197
Provision for Credit Losses - General											49	57	18	167
Total Provisions	589	916	610	321	589	916	610	321	6	9	395	250	193	364
Non Interest Expense	1,876	1,608	1,653	1,557	1,705	1,450	1,445	1,337	1,188	1,041	950	636	668	474
Net Profits	3,741	3,006	2,226	1,615	3,648	2,615	2,203	1,749	2,141	1,784	1,615	1,233	802	610
Financial Measures														
Cost : Income	22.66%	23.54%	30.64%	40.05%	21.32%	22.89%	28.01%	35.25%	33.11%	32.30%	29.89%	27.14%	35.65%	27.10%
Return on Average Common Equity (ROAE)***	31.31%	29.45%	25.49%	20.86%	30.25%	24.77%	24.18%	22.23%	30.46%	31.18%	34.98%	34.62%	28.81%	26.24%
Net Interest Margin (NII/average interest earning assets)					5.41%	5.36%	4.74%	3.71%	3.62%	3.81%	3.54%	3.12%	3.06%	3.50%
Return on Average Assets (ROAA)****	2.94%	2.93%	2.51%	2.03%	2.87%	2.54%	2.47%	2.20%	3.11%	2.97%	3.10%	2.90%	2.37%	2.09%
Regular Workforce Headcount	5,697	5,490	5,181	4,867	5,403	5,193	4,867	4,517	4,360	4,162	3,809	3,132	2,477	2,301
Balance Sheet and Off Balance														
Sheet Information (EGP millions)														
Cash Resources and Securities (Non. Governmental)	19,328	16,413	16,140	18,990	19,430	16,646	16,764	19,821	16,854	16,125	14,473	21,573	13,061	10,537
Net Loans and Acceptances	48,804	41,866	41,877	41,065	49,398	41,970	41,877	41,065	35,175	27,443	26,330	20,479	17,465	14,039
Assets	143,813	113,752	93,957	85,506	143,647	113,752	94,405	85,628	75,093	64,063	57,128	47,664	37,422	30,390
Deposits	121,975	96,846	78,729	71,468	122,245	96,940	78,835	71,574	63,480	54,843	48,938	39,515	31,600	24,870
Common Shareholders Equity	14,754	11,960	10,765	8,712	14,816	12,115	11,311	8,921	8,609	6,946	5,631	4,081	3,040	2,527
Average Assets	128,783	103,854	89,731	80,480	128,700	104,079	90,017	80,361	69,578	60,595	52,396	42,543	33,906	29,183
Average Interest Earning Assets	117,031	94,749	80,063	70,913	117,133	94,605	79,834	70,549	61,624	53,431	44,602	36,603	29,277	25,619
Average Common Shareholders Equity	13,357	11,362	9,738	8,640	13,465	11,713	10,116	8,765	7,777	6,288	4,856	3,560	2,784	2,325
Balance Sheet Quality Measures														
Equity to Risk-Weighted Assets***	15.77%	15.28%	14.88%	14.11%	15.84%	15.50%	15.69%	14.49%	15.85%	15.34%	13.93%	13.60%	11.69%	11.49%
Risk-Weighted Assets (EGP billions)	84	70	65	55	84	70	65	55	49	41	37	30	26	22
Tier 1 Capital Ratio*****	15.70%	15.23%	14.33%	12.53%	15.70%	15.23%	14.33%	12.53%	15.66%	15.28%	13.74%	10.17%	9.59%	9.78%
Adjusted Capital Adequacy Ratio*****	16.77%	16.32%	15.71%	15.40%	16.77%	16.32%	15.71%	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*
*** *Total Equity after profit appropriation*
**** *Total Assets after profit appropriation*
***** *2014, 2013 and 2012 as per Basel II regulations after profit appropriation*

The installation of LED lighting in CIB branches was one of the bank's major energy savings initiatives in 2014

A STRATEGY THAT DELIVERS

Over the years, CIB has adopted a strategy that is simple, adaptable and has a proven record, that is, our customers are our top priority.

As such, CIB works to produce long-term, profitable growth by building a strong brand equity and delivering value to our customers, shareholders and community.

We strive not only to satisfy their evolving needs and have them served in prime time, but also to stand hand in hand with them and go the extra mile in order to ensure that they are better served. This was clearly evident during the tough times that our country faced over the past few years.

CIB follows through on its mandate to develop high-quality products and an unrivalled banking experience in many ways than one. In order to achieve this goal, we consistently develop the capabilities of our staff, which we believe are a key component of our success. By offering our employees an attractive work environment, a myriad of career opportunities and comprehensive training and feedback, we are able to attract and retain the strongest banking professionals in Egypt.

Our Vision

To uphold CIB's distinct reputation as a leading and trusted financial institution in Egypt, respected for its people, strong core values, performance and commitment to inclusive, responsible and sustainable growth.

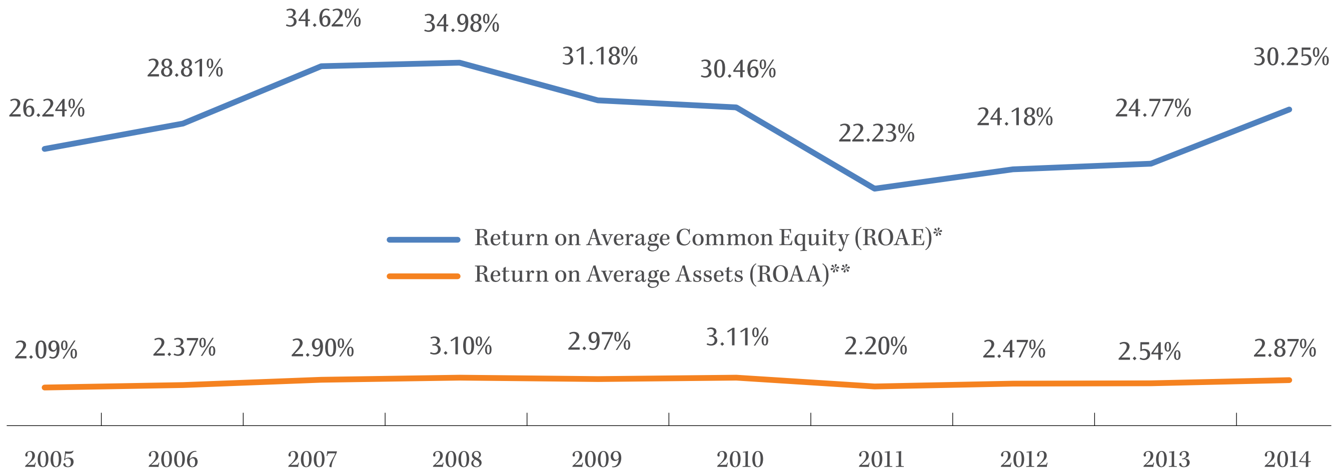
Our Mission

To create outstanding stakeholder value by providing best in class financial solutions to individuals and enterprises that drive Egypt's economy. Through our innovative products, superior customer service, development of staff, and commitment to sustainability 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.

An Outstanding Track Record



** Total Equity after profit appropriation*
*** Total Assets after profit appropriation*

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.
- We at CIB partner with our clients, work as one team with one objective; success.
- We work with our clients to reach their current goals while anticipating and planning for their future objectives.

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 and innovation 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.

Teamwork:

- We collaborate, listen and share information openly within the CIB family to enhance the knowledge and skills of each and every one.
- 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.

Mannerism

- CIB focusses on business etiquette with our clients and has strict policies governing mannerism.
- Peculiarity of manner in behavior, speech, actions, dress code, etc.

CHAIRMAN'S NOTE

Our Greatest Generation

The events of the past four years have shaped a generation of Egyptian business leaders, entrepreneurs and bankers in a way Egypt has not witnessed since at least the 1919-25 nationalist period and perhaps even the days of Mohamed Ali. Having now passed through the crucible, it is inarguable that those who have lived and worked here in their respective fields — from retail to art, from banking and finance to manufacturing — in the period 2011-2015 are exceptionally lucky.

Whether fresh grads, mid-career professionals or grey-hairs, those fortunate enough to have worked in Egypt in the past four years have gained experience and had both their skills and their world views tested in a way that harkens back to the builders of the modern Egyptian nation or perhaps to the generation that survived the Second World War and went on to reinvent political systems, industries and economies from Japan to the Middle East, from Europe to North America.

Provided we do not lose focus today — provided we can stay the course and continue to deliver hard work in response to the many challenges of our age — history will one day record this as the "Greatest Generation" in the Arab world.

This is a generation that paid its due not just during the duress of the past four years, but that conceived — and that will shoulder tomorrow the burden — of a constitutional obligation to spend 10% of GDP on healthcare and education. It is a generation that opened up economic opportunities to people of all ages and backgrounds. It may yet be a generation that leapfrogs the growth challenges once faced by Western nations to ensure our children can take their rightful place in the global economy.

From banking to manufacturing and the services industry, we have a generation of people who understand that everything — your career, your business — must change going forward. The winners realize this and have embraced it. The losers will cling doggedly to the past.

It has become vogue in Western venture capital circles to ask, "What makes you special — what's your unfair advantage?" Ours as a nation will be the hundreds of thousands of talented professionals who passed through two revolutions in four years — and who in the process learned things about planning, budgeting, crisis management and working through adversity that can never be learned from a textbook, a webinar or a corporate retreat.

It is clear that Egypt, like other regional countries, faces challenges. We must stay the course with difficult economic reforms. We face an imperative to achieve economic growth sufficient to absorb 600,000-700,000 new entrants to the workforce each year; to shore up our security climate while embracing universal values of human rights — and make up for decades of under-investment in public services and infrastructure alike, from health and education to infrastructure and public utilities.

Heading into 2015, we as a nation, an industry and as a financial institution have not just a clear planning horizon for the first time in half a decade, but a deep reservoir of experience and creativity upon which to call. And what makes me particularly optimistic is that it is not just CIB that has this advantage — it is every financial institution and home-grown multinational, every startup and every unincorporated koushk wondering if now might be the time to join the formal economy.

This is the refrain that has played every time I have sat with junior or middle management throughout our 2015 budget process. Ask them, "What have you learned in the last four years?" and the answer will be a priceless experience. Ask them about their vision for the future, and you'll hear ideas remarkable not just for their newfound optimism, but for the creativity and experiences upon which they plan to call to make this future tangible.

We are harnessing this wellspring of experience and creativity to institutionalize sustainability across our platform in 2015. If there is one macro-level lesson we have learned from the past four years, it is that sustainable platforms are shock absorbers that allow you to grow in good times and persevere amid adversity. This commitment to sustainability starts with green, pro-environment initiatives that have seen us reduce our waste and carbon footprints — and a redoubled commitment to the Foundation through dedication of a percentage of our P&L. It also deeply infuses how we aim to invest in our people, from training initiatives to our decision to go smoke-free in all of our buildings.

But sustainability must not be merely an "organizational" or "corporate responsibility" principle to which one pays lip service. For it to truly serve as the bedrock of a business, it must be about the very way we leverage our team's unique experience to grow our business. We are now engaged in a comprehensive re-thinking of how we can be leaders within our industry, an engine of economic growth for our nation, and how our policies — from lending to reporting — should reflect the principles of sustainability.

While sustainability — in growth, in how we interact with each other and how we serve the economy — is at the heart of strategy for 2015, the thinking that gave rise to it has its roots in 2014, and the results are clear to see.

In this context, Business Banking has been a significant highlight for the institution: The team has leveraged the entirety of the CIB platform to turn what had been a fragmented offering into a comprehensive bouquet of services that serves this critical growth segment. Also noteworthy is the Global Transaction Services team, which leveraged the infrastructure in which we've invested over the past four years to create a nexus of trade hubs, trade platforms and cash management systems that have made it exceptionally difficult for the competition to rival our offering. Today, they're going even further, anticipating market demand that may be opened by the New Suez Canal to create an entirely new product category and automaete the processes of Suez Canal Authority payments.

Aside from the positive impact these initiatives will have on CIB's brand image — and how supportive we are of the New Suez Canal project — this will create an opportunity for

us to grow our business with shipping agencies while making a notable contribution to the overall goal of the New Canal, namely contribute to the reduction of waiting time for vessels waiting to pass.

This commitment to excellence percolates down to the level of our subsidiaries. All of them are, at heart, CIBians who share our culture, our values and the experience we have earned over the past four years, but particularly remarkable is the team at CI Capital, which amid exceptionally challenging market conditions has built their brand into one of the two leading players in the market.

From the introduction of a new digital platform that will see us once more leapfrog the competition in anticipating the demands of a young population whose wallet, computer, flashlight, compass and entertainment center is the smartphone to continued investment of staff time in the projects of our Foundation, I look forward to reporting next year that 2015 was an exceptional one in the very best way possible.

Hisham Ezz Al-Arab
Chairman and Managing Director

BOARD OF DIRECTORS' REPORT

Introduction

We began the year certain that the economic environment would be tough. As it turned out, 2014 truly showcased the power of CIB's business model, and we are extremely pleased with our results.

In the 40 years CIB has been in operation, the market has changed considerably, constantly evolving with new structures, rules, theories and factors increasing the pace of competition and changing market dynamics emerging regularly in the macro environment in general and the banking sector in particular. In such a dynamic market, it is critical to keep up with new developments and form future strategies with change in mind.

Over the past three years of radical changes in the Egyptian market, CIB successfully navigated through political and economic volatility as the most profitable bank in the sector, guided by well-thought-out management decisions and forward-looking policies.

CIB has proven yet again that it is the market leader and a major Egyptian economic powerhouse with an extensive reach, producing value in the banking sector and playing a vital role in shaping the financial future of thousands of individuals and enterprises.

Parting from that, we proudly present to you our Board of Directors Report detailing how we managed to work through the unusual circumstances and come out even stronger yet again.

Macroeconomic and Banking Conditions in 2014

The year 2014 marked the three-year anniversary of an era that without a doubt has radically changed the political and economic arenas and led to structural changes across the board.

The new government has introduced several measures and much needed structural initiatives that would help improve the Banking sector among other sectors and shape the country's economic DNA, thus allowing for continuity and sustainability for a disciplined free economy.

In fact, Egypt's economy, which suffered heavily against the backdrop of market fluctuations over the past three years, has recovered with a GDP growth rate of 3.7% in Q4 FY 13/14, compared to 2.5% the previous year. There are also signs that foreign investors are returning to the Egyptian market as indicated by the positive net purchases of Egyptian equities in recent months, generally a leading indication of FDI. Another important indication of improvement in private sentiment and renewed confidence in the government direction is the successful sale of certificates of deposit to Egyptian nationals in the amount of EGP 64 billion to finance expansion of the Suez Canal in just 8 days; whereas it was expected by the CBE to be raised within 2-3 months.

The budget deficit narrowed by one percentage point to 12.6% of GDP, thanks to increased official grants, estimated at 2.6% of GDP in FY 2013/14. Furthermore, the authorities have made some progress in addressing the problems of the energy sector, which seriously constrained industrial production in the past three years. The government has started to gradually clear arrears on its debt to foreign energy companies, leading to some renewed exploration and production activity.

FDIs increased to record approximately USD 4.1 billion in FY 13/14, compared to USD 3 billion in FY12/13. The large grants and improvement in FDI have helped to stabilize official reserves at around USD 17 billion, equivalent to 2.8 months of imports.

The banking sector has come through the recent period of economic instability relatively unscathed. Egyptian banks proved to be much more resilient than most market participants had thought. International banks who remained committed to the Egyptian market won significant market share and above market returns.

Capital adequacy ratios have come down, but remain comfortable; rates of return on assets and on capital have trended upwards (largely due to high yields on holdings of government securities); return on equity across most local banks in Egypt sustainably exceed 20%. Credit losses remain historically low. Banks remain well-funded and flush with liquidity (loan-to-deposits ratio system-wide of 41%) because of their strong deposit base.
Nevertheless, the past three years did hamper capital expenditures of multinational and domestic corporations. The lack of CAPEX investment has resulted in the accumulation of almost 40 months of pent-up demand for credit. With the positive economic outlook, corporations are expected to resume their expansion plans, and their demand for credit will be comfortably met as the sector continues to maintain low loan-to-deposit ratios.

It's imperative to mention that this stark demonstration of the health of the sector throughout the recent global financial crisis, which was followed swiftly by Egypt's political and economic changes starting in 2011, is a result of a long-term process of consolidation, privatization, increased foreign ownership of banks and recapitalization starting in the early 2000s. This process, led by the Central Bank of Egypt (the CBE) and accompanied by a raft of new regulations aimed at strengthening the sector, has succeeded in creating a stable, liquid and well-capitalized banking industry in little under a decade, one that produces one of the best risk-adjusted-returns globally.

Outlook for 2015

Looking ahead, 2015 is expected be the turning point for Egypt. The nation's road map that was set out in June 2013 towards achieving political stability will be completed with the election of Parliament by end of March 2015. A stable political environment is expected to induce higher rates of domestic investments that will further encourage FDI as well as lead to foreign exchange stability.

With the government proactively addressing chronic economic and social issues, focusing on the deficit, infrastructure, unemployment, and more, a more conducive environment for investment seems to be forming, especially in light of the ongoing efforts to revive international institutions and investors' confidence and interest in the Egyptian economy, where the government plans to:

i) Change investment laws to be at par with our competitor markets (such as: amendments to disallow third-party disputes in contracts, amending bankruptcy and liquidation laws, simplifying the process to start a business in Egypt and building a one-stop-shop for licenses/permits).

ii) Hold The Egyptian Economic Development Conference on the investment opportunities and climate in Egypt in March 2015, drawing attention to what has been done and what will be done to support domestic and international investors. With this economic conference, the government is presumed to have amended its investment laws and prepared the groundwork for the influx of FDI to contribute to the numerous state-led mega projects.

Moreover, it is likely that in 2015 Egypt will enter into negotiations with the International Monetary Fund. The IMF loan is primarily planned to certify that Egypt is able to serve its debt, and the Egyptian economy is strong and stable. This would open up opportunities for foreign investment and support from multilateral and bilateral sources on favorable terms, and send a strong signal to investors and financial markets that Egypt is putting its economic house in order.

Again, it all comes down to the existing cabinet and their current stance of focusing on the economy and commitment to revitalizing the private sector, ultimately leading to private sector investment and consequently FDIs.

In light of prevailing conditions, opportunities in Egypt are limitless across all sectors. The banking sector offers many opportunities that remain untapped. In addition to the significant underlying opportunities in the SME, retail and mortgages segments, the Central Bank of Egypt (CBE) recently launched an initiative to encourage long-term lending to low and middle-income families. Another promising area for the banking sector is being generated by the government commitment to attract local and foreign investment through public-private partnership projects. All this untapped potential is only possible through a strong and sensible, pro-business central bank with some of the best calibre in any regulator globally with hands-on control over the industry.

Exceeding Performance Targets of 2014

At its core, CIB works to produce long-term, profitable growth by building a strong brand equity and delivering value to our customers, shareholders and community. This fundamental strategy is simple, adaptable and has a proven winning record.

Our growth strategy is to achieve sustainable and profitable growth based on customer centricity, operational efficiency and organizational development in an effort to fulfill our vision and objectives. Our main objective is the healthy management of our portfolio while maintaining sound capital, profitability and asset quality. Our approach to operating the Bank is key to accomplishing those objectives. The main pillars of such a strategy are as follows:

I. A strong foundation and excellent franchise engineered to serve our clients
II. Significant progress and continuous efforts to strengthen our Bank and adapt to the ever changing market dynamics
III. Positive long-term outlook for Egypt

I. A strong foundation and excellent franchise engineered to serve our clients

Backed by its dynamic balance sheet management, consistent operational efficiency, visionary approach and customer-driven core banking strategy, CIB established a strong foundation that allowed the Bank to excel and outperform despite slow economic growth, market volatility and heightened macro-economic challenges. The makings of such a strong foundation are as follows:

A. Consistently good financial performance and strong balance sheet

The Bank has consistently delivered solid financial performance over the last several years in terms of margins and returns on equity. We have done this while meeting increasingly higher standards in liquidity and capital. Our fortress balance sheet is stronger than ever as evident in:

Best-in-Sector Asset Quality through Effective Risk Management

The Bank is known for its conservative approach to risk management. Building on this track record, CIB took provisions of EGP 589 million for the full year. The Bank's world-class risk management framework is reflected in its best-in-sector asset quality and a high-class corporate loan book.

CIB maintained the stability of its asset quality with no significant deterioration despite prevailing circumstances thanks to its effective credit culture and stringent risk assessment measures. As the loan book continues to grow, non-performing loans are expected to drop in absolute terms. Having one of the lowest ratio of NPLs to gross loans among its peer group, CIB reported a 4.71% NPL ratio in 2014, the result of a growth strategy that was underpinned by an emphasis on maintaining quality standards.

Healthy LDR

Despite prevailing economic conditions, CIB maintained a healthy LDR ratio of 43.6%. The Bank has successfully attracted 10.6% of all new deposits in the system in 2014. High levels of market intelligence, expertise and knowledge of market needs are cornerstones of our Asset and Liability Management (ALM) Group. Having attracted such deposit inflows without significant increases to our cost of funding is a testament to the trust the market has in CIB as an institution. Having utilized excess liquidity to increase our returns through loans and sovereign notes without affecting the Bank's asset quality was, management believes, an important accomplishment.

Increasingly Strong Capital Ratio

CIB is distinguished by its capital structure and uses this advantage in the most appropriate manner. The year 2014 was no different, with the Bank maintaining its strong and resilient capital base, as reflected in a comfortable capital adequacy level of 14.05%, well above CBE requirements and Basel guidelines.

Despite having many players in the banking sector space, CIB continues to enjoy an advantageous market position given its broad capital structure which differentiates it from the competition. The existing players in the private sector are foreign nationals, and with the sovereign downgrades Egypt has witnessed over the past four years, it has become expensive for these players to grow their balance sheets due to capital constraints; the lower sovereign rating means a higher required capital charge as the Egyptian balance sheet is consolidated to the home one. Accordingly, CIB benefited and continues to benefit from its strong capital position in the competitive landscape, where most of the players continue to have a fair amount of "catching up" to do.

Consistently Good Returns on Equity

Over the past several years, all of the Bank's businesses have earned strong returns on equity and in 2014, consistent with its upward trajectory, ROAE recorded 31.3% (after profit appropriation based on the suggested profit appropriation schedule).

Cost Controls

Personnel and administrative expenses increased by 19.1% in 2014. We expect that expenses as a percentage of revenues will inch up a bit over the coming few years as we continue to invest for the long-term growth and sustainability of the Bank, namely in technology, training, and other investments geared towards automating and improving efficiency and operations. However, we will continue to be vigilant about our expenses and cost : income will be around the 30% benchmark set with the Board of Directors.

B. Scale and breadth of customer base create strong competitive advantage and large cross selling platform

CIB's personnel have deep understanding and experience in the Egyptian market and are able to anticipate and quickly react to changes in consumer needs and market trends. We build our offerings around our customers' wants and needs, deliver better experiences, and make banking convenient. We aim to stay true to the great traditions of banking and create real value in the real economy. Parting from that notion, CIB is constantly developing its product range with its primary objective being a "one-stop-shop" able to fulfill all of our clients' financial needs as they arise. CIB has been the bank of choice for over 600 of Egypt's prime corporations throughout its history and is determined to extend the same leadership to the retail and mid-cap segments, where the Bank now has a special focus.

In this respect, CIB aims not just to be the best provider of conventional banking services to corporate clients, but also to retail customers and mid-cap companies in Egypt. This has resulted in a sustained effort to improve the quality and breadth of products and services, which would allow the Bank to penetrate new segments. CIB's unrivalled market expertise and longstanding relationships on the institutional side of business has ensured our businesses operate at good economies of scale and gets significant additional advantages from the other businesses.

The Bank has developed a cross-selling strategy set for the entire Bank with a product suite that includes the Bank's affiliates as well as advisory, Mergers and Acquisitions, and brokerage services through CI- Capital. Moreover, an active GCR (Global Customer Relations) program and GTS (Global Transactional Services) have and will continue to aid in the execution of this strategy. The Bank's resources and capabilities are difficult to replicate, CIB can bring huge resources and extensive market expertise to bear for the benefit of the Bank and the clients.

C. This has led to increasing market shares and customer satisfaction and loyalty to all of CIB's businesses

The aforementioned pillars are key because they contribute to increasing market share, customer satisfaction and, more importantly, customer loyalty. Such parameters are critical to the future growth of CIB's businesses and drive both current and potential earnings power of the Bank. Our customers' trust in our robust deposit structure — as well as the Bank's ability to fulfill their lending needs — saw CIB gain market share of both deposits and loans. CIB's market share of deposits grew to 7.85% as of October 2014 (Latest available figures), up from 7.63% in October 2013 and 7.37 in December 2013. Meanwhile, CIB's market share of lending rose to 8.52% as of October 2014, up from 8.27% in October 2013 and 8.28% in December 2013.

II. Significant progress and continuous efforts to strengthen our Bank and adapt to the ever changing market dynamics

CIB strives to provide comprehensive solutions to its customers by continuously investing in and developing its products, infrastructure, facilities and human capital. Significant investments, which might have been viewed by some as excessive, have been made over the years which have proven to be of substantial value and have turned into solid founding pillars that allow the Bank to become the "Bank of Tomorrow" we hope to be…

A. Continuous investments in organic growth are paying off

CIB owes its success in part to its strategy of continuous reinvestment in the business, with a primary focus on organic growth. Our main focus has been to improve our overall customer experience by investing in systems, services and resources. In addition to customer-related services, CIB continues to improve its compliance- and regulatory-related systems as well.

Branch Network: CIB has a wide and ever-expanding distribution network spread strategically across the country covering key governorates and locations within each governorate. As of December 2014 CIB had 161 branches and 588 ATMS. The key words for the Bank's Branch expansion plans are convenience and easy access, to best serve its clients' needs. With 40 years of experience in the Egyptian market, CIB was able to see the sector shift direction from corporate to retail banking early on and made significant capital expenditures in terms of branches and ATMS to accommodate the retail sector and deepen CIB's penetration of the consumer banking arena.

Another key pillar is Technology, which is a core part of our value proposition to customers as it drives the experience of our customers as well as our risk and controls management.. 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. Over the years, we upgraded our IT 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. With the great strides achieved in technology upgrades as well as ensuring the stability and sustainability of all our systems, we now have the foundation to help us build the advanced services that will better serve our business goals.

The Bank is also focused on productivity gains through centralizing operations, while working on several automation projects to enhance productivity.

Moreover, developing robust Alternative Distribution Channels to cater to all of our clients' needs outside the premise of branches rates high on CIB's strategic agenda. Investments in the alternate distribution channels namely ATMs, POS, mobile and online space are now helping CIB define what it means to be "The Better Bank" in the digital age.

B. Nurturing employee talent through significant investments in training and development programs

CIB embraces values that foster a performance culture that attracts the best, and allows its people to do their best. In order to do so and position the Bank as a hub for the best talent in the industry, CIB adopts HR policies that are targeted at employee satisfaction through ensuring that all employee suggestions and ideas are heard and collected through the Innovation Lab and also through continuous improvement in competency and efficiency of human resources.

Recruitment and Selection

CIB's selection criteria are constantly reviewed to ensure efficient selection of individuals based on job requirements, relevant qualifications and experience.

In 2014, a major focus for recruitment was to provide CIB staff with opportunities for growth and career advancement; moreover inducing the culture of promoting from within to offer a cross exposure between lines of business and support areas and help develop best-in-class banking talent. Through campus visits, external job posting and having a presence at ten employment fairs; we were able to attract over 300 new hires to date.

One of our main sources for summer and credit interns came from on-campus outreach, including employment fairs, winter training initiative, and events such as "An Employer's Perception of Your Resume at AUC." We continued to provide a fourth round from our unique summer internship program this year with a carefully selected group of 50 summer interns from reputable universities. Retention rate of new hires increased by 1% in 2014 versus 2013.

Learning and Development

In 2014, L&D objectives were conceptualized and used as a way to make learning more efficient through a very well-structured training strategy covering all bank areas and levels to ensure that all CIB employees have a fair opportunity of gaining the skills and knowledge required for their development and growth. As capability building is central to our organizational performance, L&D focused on implementing a comprehensive portfolio of programs that were tailored for senior managers involving strategy formulation, setting the vision and long term plans while middle management programs aimed at expanding leadership capacities and skills.

A bundle of more than 190 Business, Technical & Management programs took place, where 75% of CIB population received training.

Furthermore in 2014, L&D introduced the "Job Families Approach" in many areas of business with a focus on Consumer Banking, drawing the learning path for each level in every function by offering different accreditation programs such as the "Wealth Accreditation" and "Plus Accreditation." The core programs for both Wealth and Plus segments covered all essential technical and business skills for performing the job at a higher and more complex level.

New learning techniques have also been introduced such as:

- ***E-Learning*** techniques and E-Library which played an important role in providing an easy accessible knowledge source.
- ***Off-site Events*** which aimed at increasing loyalty and engagement of employees in addition to strengthening the team spirit.
- ***Open Seminars*** which focused on adding new knowledge and enhancing employees existing skills.

Organization Development

The Organization Development (OD) department focused in 2014 on reviewing and updating all the Bank's organization structures and job descriptions in order to ensure organization and role design effectiveness and alignment with CIB's overall strategy. In addition to updating all HR policies and procedures to ensure effectiveness in supporting the desired culture within the Bank and in maintaining fairness and equity standards among all bank employees.

One of the OD department's main objectives is to identify and retain the Bank's key talents. This was carried out in 2014 through the launch of the MADP program (Management Associates Development program) second batch which creates a pool of talented future leaders with professional banking foundation to support the bank strategy in maintaining its market position and competitive edge.

The Employee Effectiveness Survey project has been one of the major and ongoing initiatives of the OD department to measure employee engagement and enablement levels across the organization and to identify various areas requiring organizational/cultural improvements. CIB's third Employee Effectiveness Survey was administered in June 2014 by Hay Group – a global management consulting firm. The OD team has worked closely with internal stakeholders on the development of integrated action plans targeting shortcomings identified in the survey results to ensure they are effectively addressed and ultimately to optimize overall employee satisfaction and organizational performance.

C. Ensuring business continuity through high-quality, relevant infrastructure

CIB strove throughout the prevailing political and economic circumstances to continue providing high quality services and sustain critical functions with minimal customer impact. Leading as always, CIB was the first and only local bank in Egypt to begin enforcing Business Continuity standards since 2010.

CIB started to put in place fully-fledged business continuity plans that cover all branches, and head-offices with advanced information technology disaster recovery capabilities that acted as a brick wall to lean on during disruption events.

CIB ensured all standards and policies were in accordance with the British Standards - BS25999, and with a future plan to become ISO22301 certified. The Bank has responded to several incidents and crisis events since 2011 with minimal impact on customers. These have included:

- Lack of access to the Bank's headquarters. CIB, being already prepared, re-invoked the business continuity plans and the Bank was able to have all its critical functions up and running at alternate sites within one hour. One of the main challenges during this time was the unavailability of personal and departmental shared data in the disaster recovery location, for which a project was initiated to create a centralized data server to accommodate all users' critical data and allow accessibility from alternate sites.
- Frequent power outages. CIB has increased UPS capacity in branches, extending standby time, and installing electric generators at a number of branches.
- Severe shortage of petroleum products. This directly affected all staff transportation and inter-branch mail cycles; however, this was effectively managed through different workarounds.

Despite the fact that the past three years have not been smooth for most organizations, CIB has proven itself to be a reliable, trustworthy organization, ready to respond under severe circumstances.

In recognition of CIB's Business Continuity & Crisis Management efforts during 2013 and 2014, CIB was runner-up for one of the most globally-recognized Business Continuity & Crisis Management excellence awards "Response & Recovery of the Year."

Such an acknowledgement by one of the leading certification bodies in Business Continuity & disaster recovery planning (DRI) is a testament to CIB that adds a lot a value towards its competitive edge and reiterates CIB's reliability and trustworthiness to respond to adverse events and continue to meet customer expectations as a "Bank-to-Trust" and pave the path for more excellence in the business continuity readiness and planning within the organization

III. Positive long-term outlook for Egypt

A. Egypt has been getting better not worse… We have an abiding faith in our country

Despite the political and economic challenges of the past few years, Egypt's fundamentals remain solid. The diversity of our economy, in particular, buoyed the country's resilience and the underlying Egyptian business growth story is a good one; promising investment opportunities are still to be found in Egypt.

B. CIB is Egypt and Egypt is CIB

Often, investors and analysts view CIB as a proxy for the Egyptian economy, where the Bank mirrors the local banking sector: the near-term recovery is captured in the credit outlook, while the longer-term story of low financial penetration is captured in the expansion of retail banking.

CIB is also one of Egypt's most liquid stocks (with 6M average daily traded value of USD 6.7 million and 93% free float) and the most valuable financial institution with a market cap of 44.7 billion as of end-December 2014. CIB plays a significant role in the indices of the Egyptian Exchange and has the highest weight (around 29.4%) in the EGX 30 index. Worthy to mention that upon calculating total cumulative shareholder returns over 10 years, EGP 100 invested in CIB share 10 years ago increased to EGP 829.5 whereas EGP 100 invested in the EGX 30 reached only EGP 335.7. Thus reaffirming CIB's position as the gateway to Egypt.

C. Our clients are growing and they need us

There is no doubt that risk and uncertainty remain, but we need to put it all into perspective. There are many positive factors as demonstrated in previous sections. CIB, as a firm believer in the Egyptian underlying growth story, along with management and employees will continue to deliver superior performance and enhance the Bank's financial condition and prospects, and continue to drive real development in the economy and produce value for our customers, employees and shareholders. The financial needs of the country, companies and individuals will continue to grow over time. And CIB is there to harness and endorse that growth to grow and help others grow.

Other than being the tag line for the Bank's successful advertising campaign, being "A Bank to Trust" encapsulates a multitude of CIB's values and priorities. We believe in relationships as a key to delivering quality growth. Being the Bank to Trust means providing our customers with appropriate solutions to their financial needs. Through listening and learning, the Bank will continue to develop innovative products and services to complement the existing transactional services that are safe, convenient, efficient and reliable.

2014 Financial Position

CIB produced yet another record financial performance in 2014. Consolidated net income for full year 2014 was EGP 3.74 billion, 24% over 2013. Standalone net income reached EGP 3.6 billion, 39% over 2013. Standalone revenues grew 24.4% over 2013 to reach EGP 7.7 billion.

CIB recorded net interest income of EGP 6.3 billion, 24% over 2013. Non-interest income achieved the highest annual growth in the last 4 years reaching EGP 1.75 billion. Net fees and commission income grew 31% year-on-year to reach EGP 1.71 billion.

In a managed environment, CIB improved margins, spreads and performance across all indicators. Consolidated year-to-date ROAE was 31.3% (after appropriation) up from 29.5% in 2013. Consolidated ROAA recorded 2.91% up from 2.89% in 2013, Net interest margin increased by 5 bp to reach 5.41%. CIB improved its efficiency, cost-to-income recorded 22.7% compared to 23.5% in 2013; the lowest cost to income ratio in the last 5 years.

Gross loans grew by 17%, adding EGP 7.7 billion during the year to reach EGP 53.1 billion. CIB market share reached 8.52% in October 2014 compared to 8.27% in December 2013 as management focused on efficiency and loan portfolio quality.

CIB grew deposits strongly during the year, adding EGP 25.1 billion to reach EGP 122 billion (26% increase over 2013). The Bank had the highest growth in deposits among its peers, driven by growth in local currency demand deposits, certificates of deposits and savings accounts. Deposit market share grew 48 bp during 2014 to reach 7.85% in October 2014.

CIB maintained its strong and resilient balance sheet and capital base, reflected in a comfortable capital adequacy level[1] (14.05%) 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 2014.

Appropriation of Income

The Board of Directors has proposed the distribution of a dividend per share of EGP 1.20. In addition, CIB is increasing its Legal Reserve by EGP 182.2 million, to reach EGP 803.3 million, and its General Reserve by EGP 1,899 million, to reach EGP 3,749 million, thus reinforcing the Bank's solid financial position as evidenced by a Capital Adequacy Ratio of 14.05% and an Adjusted CAR (including profits attributable to shareholders) reaching 16.77%.

2014 Activities

CIB's diverse mix of revenue streams enabled us to weather a challenging operating environment this year, and our business model enabled us to continue to invest for the future. And we continue to stand out in the industry as the best Private Sector Bank, with a number of impressive recognitions on all sides of our business: Institutional, Consumer Banking and Operations.

Institutional Banking Activities

CIB sustained its preferred and most trusted business partner position through meeting corporate clients' expectations and needs in a most timely and precise manner, offering best-in-class financial structures and advisory services to its clients with its competent team, customer oriented approach and innovative product portfolio and distribution channel.

The Group's growth strategy focused on three key elements:

- Enhancing profitability of current business
- Increasing operating efficiency
- Expanding synergies and cross selling initiatives within the bank

By doing this, the IB Group continued to be the primary contributor to CIB's bottom line profitability, generating almost 70% of the Bank's profits. Institutional Banking's net income before tax increased by 39% over last year to reach EGP 3.8 billion in 2014, mainly on higher net interest income, foreign exchange gains and strong trade services performance and controlled expense growth.

On another note, the Bank's strong disciplined and proactive risk framework has been essential in withstanding the uncertain economic environment in Egypt. As a result, the Bank was able to deliver strong results, serve our clients well and maintain our reputation as a market leader, despite economic challenges.

Consumer Banking Activities

The focus on 80+ million people as Egypt's most precious resource underpinned our vision several years ago when we made the strategic decision not to expand regionally, but rather

1 CAR based on Basel II as modified by CBE before profit appropriation to become the dominant player in Egypt. Creativity was at the heart of an endeavor that has seen us transform CIB in less than a decade from a niche, corporate-focused bank into the nation's largest private-sector financial institution, helping individuals, small businesses and major corporations alike creatively mobilize the capital they need to grow.

The Consumer Banking division continued to assert itself on all fronts throughout 2014, dedicating extraordinary efforts to improving customer satisfaction and responding to their needs through focusing on promoting a consistent, positive customer experience. Such actions were achieved through adding and renovating the Bank's extensive branch network, the introduction of an array of innovative new offerings and enhanced efficiencies and, most importantly, bridging client needs and our skill set derived through unrivalled insights into the dynamics of the local market. This enhanced customer service and attracted new customers, enabling CIB to achieve growth in its consumer assets book despite challenging conditions in 2014, and with no significant deterioration in credit quality, thus maintaining its competitive edge in the market.

Consumer Banking net income rose 20% over last year to reach EGP 1.1 billion in 2014, contributing 30% to CIB's gross profitability. Consumer Banking gathered EGP 17 billion in deposits aided by the launch of two tailored new products for the household segment designed to add value. These products are Save & Safe saving account bundled with several insurance benefits and Miles Everywhere Current to enhance CIB's competitive advantage.

Operations

The Operations Group sustained its focus to align with the Bank's strategic direction and business plan, enhancing collaborations by placing the Information Technology Group and CIB Branding under the same operations domain. These changes aim to optimize work efficiencies and synergies between the operations and technology functions and streamlining the process flow.

As the Bank moves towards an aggressive growth agenda and business aspirations in its five-year plan, and as we continue to explore different business opportunities and growth objectives, it becomes very important to apply effective controls from different aspects in support of the business plans through well-established policies and guidelines and proper governance of critical control functions. A new Chief Security Officer (CSO) function has been established to manage and mitigate security related risks across different aspects within the organization including physical, cyber & IT security as well as Information Security.

In line with our continuous efforts to achieve the highest standards of performance and customer experience, a set of surveys were conducted to identify our current position within the industry. Surveys such as Competition Benchmarking Analysis and Customer Satisfaction surveys conducted for individuals, corporate and mid-corporate clients assisted in identifying the approach for raising our service level standards in comparison to other banks within the industry. A brand awareness survey was also conducted to support our objective for better brand positioning.

The Alternate Channels delivered on stretched goals, which contributed to easing pressure on our branch network and improving our customer experience via improvements across the alternative channels. This included an expansion of our ATM network to about 600 machines, as well as the addition of new features. Also, Phase 2 of our new online banking portal has been launched, as part of our continuous effort to enhance our services platform for our customers and improve their experience with CIB.

In 2014 our Call Center supported inquiries, transactions, requests and complaints over the phone for more than 3 million self-service and agent handled calls. We also introduced the first banking social media platform in the Egyptian banking industry which is available 24x7 to handle all customer communication. Additionally, the interactive video call agent has been launched where customers can interact visually with the call center agents.

The COO Group is setting the stage for 2015 by introducing a number of key projects that aim primarily to improve our operational efficiency and customer experience. This will be achieved through fully fledged Customer Relationship Management and Business process Management systems. In addition to a number of key automation projects that will significantly improve our productivity and efficiency.

Awards and Recognition

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

- Best Foreign Exchange Providers 2014 – Country Winner – Global finance
- Best Trade Finance 2014 – Global Finance
- Best Investment Bank 2014 – Global Finance
- Best Trade Finance Bank by GTR
- Best Emerging Markets Banks in Africa – By Global Finance
- Best Bank in Egypt – Euromoney Excellence Award 2014
- Best Sub-Custodian by Global Finance
- Best FX Services in Africa Award – by EMEA Finance
- Best Corporate/Institutional Internet Bank in Egypt – Global Finance
- Best Online Cash Management – Global Finance
- Best Integrated Corporate Bank Site – Global Finance
- Best Information Security Initiatives – Global Finance
- Pan – Africa Award for Corporate Social Responsibility by EMEA Finance
- Best local bank in Egypt Award – by EMEA Finance
- Elite Quality Recognition Award from JP Morgan – MT 103 (99.23% for five consecutive years)
- Elite Quality Recognition Award JP Morgan – MT 202 (99.8% for nine consecutive years)
- Bank of the Year Egypt – The Banker
- Best Company for Investor Relations in Egypt –2014 Middle East Investor Relations Study, carried out by Extel in partnership with the Middle East Investor Relations Society
- CEO of the Year - EMEA Finance African Banking Awards 2014

These awards came in recognition of the Bank's leadership of the Egyptian banking sector, underpinned by the institution's deep understanding of its customers' needs as well as the variables in the local and international markets. The Bank was also singled out for its adherence to rational credit principles and commitment to strict policies and risk management standards.

2015 Business Outlook

As discussed earlier, in light of the political stability and the government stance focusing more on the economy, the economy is set to jump-start and companies as well as individuals are regaining their faith in the country; in short, Egypt is now a go. CIB is ideally positioned to benefit from improving growth dynamics. Armed with deep corporate relationships geared to companies that are in stronger financial health – i.e., local and international blue-chips – than most, and therefore able to seize on growth opportunities early on by investing. Moreover, CIB is liquid and well capitalized, and its asset quality is strong with high coverage ratios in addition to low funding costs and high operational efficiency. All these factors combined lead us to conclude that CIB can and will focus on growth without distractions, whether it be on the institutional or the consumer side of business.

Synergy Realization

CIB's businesses provide integrated and diversified products and services through its affiliation with CI Capital and its subsidiaries, which hold numerous opportunities for CIB and will accelerate our ability to increase product penetration with the aim of generating incremental value through cross-selling.

CI Capital generated consolidated revenue of EGP 310 million, 2x over 2013. Brokerage revenue increased 3x over last year to reach EGP 180 million and was the second ranked brokerage house in 2014 as it was able to grow its market share of foreign participation in the Egyptian Stock Market at a CAGR of 40% 2012-2014, taking it from an average share of foreign flow of 17.6% in 2012 to 35% as of 2014 to date (a growth rate that surpasses all other MENA-based brokers).

The Group's investment banking arm is the #1 ranked advisor in Egypt, having successfully executed ~EGP 90 billion in transactions since inception, with more than EGP 60 billion executed since the beginning of 2013.

CI Asset Management maintained its market share at 11.5% (as of Sept-14) and had the best performing Egyptian equity funds of 2014. Finalizing the launch of CIB Balanced Fund, an open-ended fund with an initial size of EGP 100 million, CIAM was awarded the "Best Asset Manager in Egypt" by Global Investor for the fifth consecutive year.

CIB: Banking on Sustainability

CIB is and continues to be committed to a perceptive longer term vision of the future that strikes a sound balance between the strategic goal of increased profitability as well as serving broader socioeconomic and environmental interests; the backbone of any sustainable success and distinction. Environmental sustainability, corporate social responsibility and corporate governance are therefore the key factors in measuring sustainability.

Environmental Sustainability

CIB has achieved several milestones on the environmental sustainability front during the past eighteen months:

- Reinforced our resource-efficient efforts, decreased our carbon foot print and are expanding "quick wins," engaging staff at every level. The Bank decreased its astronomical paper consumption — which was almost the height of our great pyramid — through the practical expedient of ensuring double-sided printing and replacing personal laser printers and relying more on digital platforms such as archiving and email. CIB also planted organic rooftop gardens in several head offices and installed green walls. The Bank is developing an integrated solid waste management system and smoking restrictions continue to be more stringently enforced.
- Worked diligently in the field of water conservation through the principle of "reduce for use." This decreased water consumption by about 20%.
- Enhanced energy efficiency. LED lamps are in the process of installment at all the head offices and branches. This will cut back on the Bank's electricity bill by about 25%. CIB is concurrently moving forward on an air-conditioning initiative to maintain a cool environment, and again, reduce costs. This mega project will be completed in 2015.
- Developed its first Social and Environmental Management System (SEMS), which is a risk management framework that includes a set of actions and procedures enabling us to avoid exposure to credit, compliance and other detrimental risks as well as advance durable business opportunities.
- Developed its first Sustainability Report, aligned with international best practices. It is based on the Global Reporting Initiative (GRI), a globally-recognized initiative that provides a comprehensive sustainability reporting structure that is widely used around the world.
- CIB also participated 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.
- Also on the Economic and Finance side, CIB is committed to continuously and significantly increase its facilities to a number of environmental friendly projects from the Corporate Banking side. Such projects include but are not limited to: CIB granted International Water Treatment "IWTC" facility amount of EGP 147 million. The company's main objective is to design and implement all types of tools, machinery, equipment and specialty water treatment chemicals used in the waste water treatment process. Moreover, CIB provided facilities to power services companies such as Middle East Engineering & Telecommunication Co. (MEET) and Onera Systems, which is a subsidiary of MEET, to provide integrated solar energy systems through the manufacturing and assembly of solar cells, energy systems, power systems and its related control units.

Corporate Social Responsibility

We at CIB feel strongly about our country and giving back to our community is, and has always been, atop of the list of priorities and at the heart of our responsibilities. At CIB, we turn commitments into actions, with the ultimate goal of ensuring that our efforts are having a profound impact on people's lives. Through our CSR programs, the CIB team is firmly dedicated to supporting Egypt; where we live and operate, and is proud of its achievements.

Community Development

During the course of 2014, CIB took concrete steps towards achieving meaningful Corporate Social Responsibility (CSR) activities, and continued with its endeavors to give back to the community. At CIB, the concept of CSR has sprung up and is steadily becoming an important facet of its business's strategy. CIB's steadfast commitment has been clearly evidenced by a diverse range of CSR accomplishments that the Bank has embarked on during the past 12 months.

CIB Endowed Professorship in Banking: For the second consecutive year, CIB has continued in its Endowed Professorship in Banking at AUC. The signature took place in 2013 to promote knowledge of banking and enhance education in Egypt through teaching, research and service. The main objective of establishing the CIB professorship in banking is to design and implement banking curriculum in different educational programs. AUC's Partnership with CIB is a major step towards integrating industrial trends into classrooms to reach students with fresh young minds. Through the professorship, 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 School of Business and key members of the banking community, including regulators, boards, executives and others.

Kidzania: In 2014, CIB continued its five-year partnership with KidZania that was initiated in 2013 to build brand loyalty and exposure to the Bank for youth and their parents. This year, CIB organized two free trips to children with special needs to KidZania, under the supervision of the CIB Foundation. At KidZania, children perform 'jobs' and are either paid for their work as firefighters, doctors, police officers, journalists, etc., or pay to shop and play. Through CIB's partnership with KidZania, the Bank has opened a mini-branch on the premises which allows children to cash cheques, get debit cards, and deposit or withdraw kidZos, the official currency of KidZania, from ATMs around KidZania.

KidZania Cairo offers kids a variety of fun and interesting role-playing activities in a realistic city setting. Job activities are associated with real-world brands, allowing kids to create and learn with realistic results. 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: In 2014, CIB sealed a partnership with the 3D IMAX cinema in Americana Plaza, where the CIB Foundation organized a trip for c. 550 children. Through CIB's corporate sponsorship of the IMAX, five dedicated movie screenings have been allocated to the CIB Foundation as part of the Foundation's ongoing CSR program. Children with various mental and physical disabilities, as well as children from an underprivileged area in Cairo, were shown the new Teenage Mutant Ninja Turtles movie, as well as an educational film about climate change. The Foundation also provided the children with transportation to and from the cinema, as well as snacks and drinks during the movies.

Sponsoring Talent: As part of CIB's Corporate Social Responsibility (CSR) framework, the Bank has obtained 86 pieces of distinguished art graduation projects of fresh graduates of Alexandria University's Faculty of Fine Arts. The initiative is the first of its kind in CIB history and comes as a step in the Bank's upcoming plan to support artists all over Egypt. A total of 56 artists were honored; the artists were selected from the departments of paintings, sculpture and design.

Youth Salon: For the fourth consecutive year, CIB supported a new generation of young, aspiring, gifted artists through sponsoring a yearly national art competition, which exhibits a collection of distinguished art works. CIB collaborated with the Fine Arts Division at the Egyptian Ministry of Culture to support the trending artists under the age of 35.

El Sawy Cultural Wheel: Another effort to support arts and culture in Egypt was evident in CIB's partnership with El Sawy Cultural Wheel. The sponsorship aimed at lending a supportive hand to all artistic and cultural activities taking place in El Sawy Cultural Wheel, which include documentary films, cultural nights, concerts and art exhibitions. CIB's role in El Sawy Cultural Wheel is more than a sponsorship, manifesting as an actual partner to all activities scheduled monthly in the Wheel's premises.

Zawya: Sponsoring Zawya, an art-house cinema located in Downtown, is another endeavor from CIB to support culture. Zawya is an initiative by Misr International Films (IMF) which holds art-house screenings across the country. By making use of already existing theaters, Zawya will screen an alternative selection of films from the Arab region, Europe and the rest of the world. Zawya's program focuses on local independent films to encourage and promote the work of young Egyptian and Arab filmmakers.

School Concerts at Cairo Symphony Orchestra: CIB gives a supportive hand to children's artistic talents. At the Cairo Opera House, CIB sponsored two school concerts that brought students from governmental schools in under-privileged areas and organizations that cater for street children and orphanages to watch thrilling entertaining artistic shows performed by children in Cairo's Opera House.

Autism: CIB gives special attention to children with Autism and other disabilities. The Bank has sponsored a ceremony organized by the Egyptian ADVANCE society for Persons with Autism and Other Disabilities that showed rhythmic and musical paragraphs performed by the student's society. During the event, the students demonstrated their potential and abilities, which brought joy to them, their parents and all the attendees. The concert aimed to raise awareness about the expressive and creative abilities in children and youth with disabilities; allow participants with disabilities to express themselves and integrate with others.

Sponsoring Egyptian Squash Federation: CIB has always been a strong advocate of sports in Egypt. This was evident in our sponsorship of the Egyptian Squash Federation, in which Egypt won the women's individual championship again this year in Namibia. The champions are eligible to compete for the World Junior titles in Egypt. As a matter of fact, according to the latest rankings, Egypt has some of the top male, female and juniors players in the world. where in Women we have the 3rd, 5th, 8th and 10th ranked players in the world. While in men, the 1st, 3rd, 8th and 9th ranked top players are Egyptian. On the Juniors level, Egypt has the 1st ranked Juniors Girl player and 2nd ranked Juniors Boys.

CIB Foundation

In 2014, the CIB Foundation saw exponential growth with the expansion of its operations across several governorates in Egypt. In addition to supporting its existing projects, the CIB Foundation has recognized the importance of identifying new areas in need, both geographically and in terms of the health services it supports, with the ultimate goal of creating new beginnings for children across the country.

Through the CIB Foundation's supported projects, health institutions in Mansoura, Sohag, and Aswan are being enhanced through the provision of state-of-the-art equipment. Minimally invasive pediatric endoscopy equipment will help smooth operations at the Mansoura University Hospital, and essential intensive care units will be operational in both the Sohag and Aswan University Hospitals.

Additionally, the CIB Foundation's 6/6 Eye Exam Caravan program, which has been operational since 2012, was successful in providing over 12,000 elementary school students with eye health awareness and free eye exams in 12 governorates, including Fayoum, Minya, Beni Suef, Gharbeya, Dakahlia, Suez, Assiut, and Aswan. Furthermore, the CIB Foundation established the Maxillo-Facial Center at the Cairo University Faculty of Dentistry, providing the first free-of-charge, pediatric prosthesis services in Egypt.

Corporate Governance

One of the main pillars of CIB's strategy is focusing on sustainable banking through committing to sound Corporate Governance practices. Parting from CIB's conviction that adhering to good corporate governance standards is a key building block for managing the Bank effectively and achieving its strategic operational plans, goals and objectives, the Bank continually adjusts to reflect the latest local regulations and international best practices.

CIB has always been a pace setter in the area of corporate governance as the Bank believes such practices are vital to the creation of long-term, sustainable value for our stakeholders.

CIB's overall corporate governance framework assures the alignment of the interests of shareholders and managers as well as monitoring the management of the business through the dissemination of information and transparent reporting. In this context, the Bank's governance framework is directed by a number of internal policies and regulations that cover a wide range of business and fiduciary aspects including risk management, compliance, audit, remuneration, evaluation, succession planning, ethics and conduct, budgeting and capital management. Clear and segregated reporting lines in different areas of the Bank together with highlighting any potential conflict of interest, are set in place throughout CIB along with a continuous chain of supervision and communication channels for the Board's guidance and strategy. Transparency, fairness, disclosure and meritocracy are at the core of the Corporate governance framework.

The Board and its specialized committees both executive and non-executive constitute key elements of the governance framework and are governed by well-defined charters. The Board's non-executive committees; consisting of Audit Committee, Corporate Governance and Compensation Committee, Risk Committee, Operations and IT Committee and Sustainability Advisory Board, along with the executive committees comprising Management Committee, High Lending and Investment Committee, Affiliate Committee are tasked with assisting the board members in accomplishing their responsibilities and obligations with respect to their decision-making roles.

CIB's Board consists of eight members, one executive member and seven non-executive members, on of whom represents Fairfax's interest in CIB, while the majority of non-executive members are independent. The Board collectively possesses a wide range of industry expertise and knowledge that adequately enables it to set balanced strategic direction and to offer management a clear implementation route for the aspired goals.

CIB's Board met seven times over the course of 2014, during which, with the assistance of its committees, the board members effectively fulfilled their main responsibility of exerting the requisite oversight over the Bank and that CIB's activities are run in a manner that meets the highest ethical and fiduciary standards, thus enhancing the long-term value for the shareholders, through:

- Approving the Bank's strategy and major policy decisions
- Supervising the affairs of the Bank and overseeing the execution of the Bank's strategy by the officers and employees under the direction of the CEO
- Assuring that the long–term interests of the shareholders are advanced responsibly as well as assuring disclosure of reliable and timely information to shareholders
- Evaluating, compensating and ensuring that there is proper succession for key management roles
- Developing and monitoring the Bank's internal audit and risk management policies and strategies. The Board sets the risk policies and the risk appetite and constantly monitors the Bank's risk profile against said appetite, through the CIB risk department

Moreover, the Board of Directors continued to work on enhancing the comprehensiveness of the bank's corporate governance framework especially in connection with risk and compliance matters. In an effort to reinforce its risk based approach, the Board has and is in the process of moving towards an ERM (Enterprise Risk Management) Framework. The ERM concept aims to provide the Bank with the necessary controls, communication and risk-informed decision making to achieve the right balance between risk and reward.

CIB has taken concrete steps to ensure accountability and institutionalize its corporate governance guidelines in compliance with the applicable laws and regulations of the regulators. During CBE regular 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. Furthermore, given the utmost attention to maintaining the highest levels of governance and adherence to the disclosure requirements of the stock exchanges where the Bank is listed, 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.

Finally and with the objective of continuously improving Compliance measures as key element of the Bank's control framework, several channels for staff issues/code of conduct and petitions have been introduced and announced to employees. In 2014, the Compliance department received a total of 54 complaints all of which have been resolved, including 7 misconduct cases, 5 whistle bowing and 42 cases of Fair treatment of employees pertaining to delay in promotions, challenges in managing staff performance (evaluation disagreements), working environments, misuse of authority, management style and contracts renewal issues.

In Closing: Measuring CIB's Performance During 2014

Through our Performance measures we communicate our priorities and benchmark CIB's performance versus its peers as we strive to be The Bank to Trust. The following table highlights our performance against these measures.

	2014 Performance Measures	Results
FINANCIAL	• Maximize shareholders equity and deliver above-peer-average total shareholder return • Grow earnings per share (EPS) • Deliver above-peer-average return on risk-weighted assets	• ROAE of 26.9% vs peer average of 22.7% (As of 3Q14) • 34% EPS growth
BUSINESS OPERATIONS	• Grow revenue faster than expenses • Identify market gaps and attain first mover's advantage by laying the groundwork ahead of our peers to allow us the ability to benefit from rising opportunities as they present themselves.	• Cost to income decreased to record 22.7% • Consumer Banking net income rose 20% over last year to reach EGP 1.1 billion and gathered 17 billion in deposits aided by the launch of tailored new products for the household segment designed to add value. • Institutional Banking net income before tax increased by 39% over last year to reach EGP 3.8 billion, mainly on higher net interest income, foreign exchange gains and strong trade services performance and controlled expense growth.
CUSTOMER	• Improve customer experience • Invest in core businesses to enhance customer experience	• Refer to "Significant progress and continuous efforts to strengthen our Bank and adapt to the ever changing market dynamics for details
EMPLOYEE	• Improve employee engagement score year-over-year • Enhance the employee experience by: 1. Listening to our employees 2. Providing a healthy, safe and flexible work environment 3. Providing competitive pay, benefits and performance-based compensation 4. Investing in training and development	• CIB conducts Employee Engagement Survey every two years with Hay Group to better understand our staff members' needs in order to unlock the full potential of people at work, and benchmark results across the best practices locally, regionally and globally • The results are communicated to senior management and accordingly, translated into action plan
COMMUNITY	• Donate 1.5% of the Bank's net annual profit through the CIB foundation • Make positive contributions by: • Supporting employees' community involvement and fundraising efforts • Supporting advances in our areas of focus, which include education, arts, culture, health and protecting and preserving the environment	• Refer to the CSR section for more details on CIB's social involvement and giving back to society initiatives
SAFEGUARDING THE INTERESTS OF SHAREHOLDERS	• CIB maintains a proactive investor relations program to keep shareholders abreast of developments that could have had an impact on the Bank's performance. The Investor Relations team and senior management invest significant time in one-on-one meetings, road shows, investor conferences, conference calls and a pro-active stream of disclosures while simultaneously ensuring analysts had the information they needed to maintain balanced coverage of the Bank's shares.	• As a result of the IR team's conscious efforts in asserting corporate access, in a 2014 Middle East Investor Relations Study, carried out by Extel in partnership with the Middle East Investor Relations Society, CIB was named the "Best Company for Investor Relations in Egypt" and came in top three; 3rd place in the Overall Grand Prix "Leading Corporates for Investor Relations"

Key Financial Highlights

I. Balance Sheet (in EGP millions):

a. CIB Standalone

	Balance as of 31/12/2014	Balance as of 31/12/2013	% Change
Total Assets	143,647	113,752	26%
Contingent Liabilities and Commitments	25,310	16,182	56%
Loans and Advances to Banks and Customers	49,398	41,970	18%
Investments	41,141	30,396	35%
Treasury Bills and Other Governmental Notes	30,539	23,655	29%
Due to Customers	122,245	96,940	26%
Other Provisions	718	451	59%
Total Equity	11,168	9,500	18%

b. Consolidated CIB and CI-CH

	Balance as of 31/12/2014	Balance as of 31/12/2013	% Change
Total Assets	143,813	113,752	26%
Contingent Liabilities and Commitments	25,310	16,182	56%
Loans and Advances to Banks and Customers	48,804	41,866	17%
Investments	40,807	30,063	36%
Treasury Bills and Other Governmental Notes	30,549	23,665	29%
Due to Customers	121,975	96,846	26%
Other Provisions	730	455	61%
Total Equity	11,013	8,953	23%

II. Income Statement (in EGP millions):

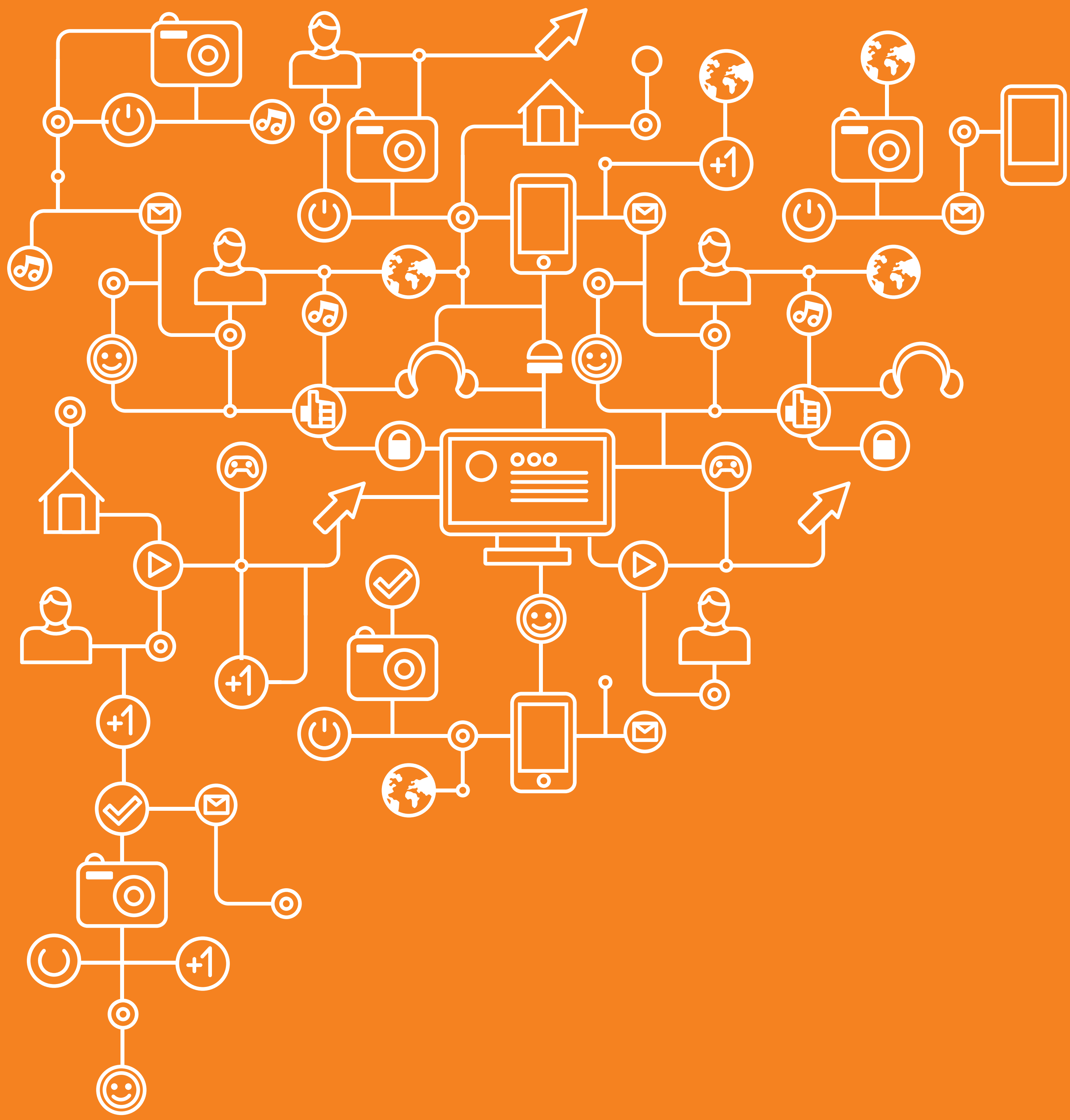
a. CIB Standalone

	Jan.1, 2014 to Dec.31, 2014	Jan.1, 2013 to Dec.31, 2013	% Change
Interest and Similar Income	11,550	9,510	21%
Interest and Similar Expense	(5,274)	(4,460)	18%
Net Income from Fee and Commission	1,451	1,189	22%
Net Profit After Tax	3,648	2,615	39%

b. Consolidated CIB and CI-CH

	Jan.1, 2014 to Dec.31, 2014	Jan.1, 2013 to Dec.31, 2013	% Change
Interest and Similar Income	11,545	9,521	21%
Interest and Similar Expense	(5,290)	(4,467)	18%
Net Income from Fee and Commission	1,710	1,307	31%
Net Profit After Tax	3,743	3,006	25%
Net Profit After Tax and Minority Interest	3,741	3,006	24%

2014 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 and has broadened its scope to serve medium-size companies as well, recognizing the importance of the latter's role in the economy.

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.

Competitive Advantages

- A strong corporate business model.
- Highly experienced staff supported by continuous training to keep pace with the latest industry developments 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, construction, food, tourism, shipping, ports, and real estate.
- Ability to provide a wide and innovative array of financial schemes.

2014 Accomplishments

- Corporate Banking Group remains a driving force for growth, and during fiscal year 2014 the Group financed major strategic projects that had a positive economic impact. These included: key projects in the power sector, leading to an increase in energy generation capacity of 2600 MW; supporting the Egyptian General Petroleum Cooperation's trade and finance requirements; and landmark transactions in the real estate sector, to name a few. Corporate loan portfolio growth exceeded 14% in 2014.
- Enhanced CIB's share of wallet in the letters of credit business with our profitable corporate clients reaching 23%.
- Captured approximately an 80% market share of shipping activities related to Suez Canal payments through facilitating financial solutions for the Shipping sector, including shipping agencies, shipping service providers, container terminals and ship owners.
- More than 90% of the trade business of our corporate clients is now conducted either through the Hubs or E-Trade portals, thus enhancing transactional efficiency and turnaround time.
- Increased cross-selling of cash management and retail products — in collaboration with the GTS and Consumer Banking Teams — to our eligible corporate customers with a 49% penetration rate for the GTS products and a 62% penetration rate for the payroll accounts to-date.
- Continued restructuring of non-performing accounts to improve the overall risk profile of our loan portfolio and simultaneously positively impact the bank's bottom-line profitability.
- Introduction of the Hyperion Financial Modeling Solution, which will be rolled-out throughout fiscal year 2015.
- Introduction of an automated solution for checks across all of CIB's branches, resulting in an enhanced follow-up system and reduced turnaround times.

2015 Forward Strategy

The Corporate Banking Group aims to achieve the following in 2015:

- Continue selectively expanding our loan portfolio to achieve high-quality asset growth through a special focus on growth driving industries such as oil and gas, petrochemicals, renewable energy, construction, infrastructure, real estate and tourism.
- Place special emphasis on financing medium-sized companies and multinationals while simultaneously enhancing our existing clients' share of wallet.
- Continue playing a vital role in supporting the Egyptian economy through financing the government's planned mega projects during fiscal year 2015.

By supporting major industrial projects CIB is helping businesses and the economy to grow

Corporate Banking Group remains a driving force for growth, and during fiscal year 2014 the Group financed major strategic projects that had a positive economic impact.

- Increase customer loyalty and expand CIB's market share in all sectors through the cross-selling of our Global Transaction Services (GTS) products.
- Enhance the Bank's fee income stream through increasing trade business services.
- Continue the introduction of non-conventional financial solutions to our distinguished corporate clients.
- Further streamline the Business Enhancement Unit operational processes to ensure the extension of higher quality services and a quicker turnaround time to our corporate clients.
- Implement the Electronic CAM Project.

Financial Institutions Group (FIG)

The Financial Institutions Group offers a variety of quality banking products and financial 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 and 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.

2014 Achievements

- Doubled the contingent trade finance portfolio through attracting letters of guarantee for mega and infrastructure projects in Egypt.
- Grew our relationships in Asia and Africa.
- Maintained a well-diversified trade and forfeiting portfolio and continued expanding risk participation on both direct and contingent business focusing more on addressing the needs of CIB and its clients.

2015 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.

Non-Banking Financial Institutions Division (NBFI)

The Non-Banking Financial Institutions Division (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, auto finance, factoring and credit insurance, along with investment companies and non-governmental organizations (NGOs).

2014 Achievements:

- Established new limits for existing companies and identified new NGO accounts to accommodate Microfinance business.
- Participated in landmark syndication and securitization transactions.
- Maintained moderate levels of portfolio risk and managed an effective collection of loan portfolio payments.

2015 Strategy

- Grow the loans and investments portfolio with quality players in the leasing, mortgage and brokerage (clearing & settlements accounts) sectors in terms of volume and number of accounts.
- Address our clients' needs for trade finance and contingent facilities to support their business.
- Aggressive marketing and cross selling of CIB liability products.

Finance Programs and International Donor Funds (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. In collaboration with the Ministry of Agriculture and Land Reclamation, FP&IDF has encouraged private sector involvement in the agribusiness, while the division is also engaged in various environmental and pollution abatement projects that aim to assist companies in making their operations more eco-friendly.

FP&IDF also manages the CIB direct microfinance portfolio through a Microfinance services company and has recently extended its focus to include wholesale microfinance.

Main Functions

Agency Function:

CIB acts as APEX (Agent Bank) for several funds, grants and credit lines providing an array of tailored operational services including structuring and providing pre-loan assessment and post-loan monitoring.

Participating Function

CIB acts as a participating bank in several developmental programs that finance agricultural and environmental projects with concessional terms.

Microfinance

The Division supports direct microfinance through a microfinance service company that interacts directly with the end-users. FP&IDF expanded the focus to include microfinance wholesale lending in cooperation with banks and NGOs.

Technical Assistance and Consulting Services

FP&IDF offers an array of integrated and competitive consultancy services targeting development programs.

2014 Achievements

- FP&IDF maintained CIB's position as the leading agent bank in the market.
- Provided CIB customers with preferential loans and grants to support the private sector in agriculture and pollution abatement projects.
- Grew the microfinance and wholesale microfinance loans portfolio under a Social Fund for Development contract.
- Contributed to cross-selling CIB's various retail products, including credit cards, consumer loans, and other consumer and corporate bank products.

2015 Strategy

- Maintain our lead position as agent bank dominating donor funds.
- Attract new developmental funds focusing on agricultural and renewable energy industries.
- Strengthen relations with the Social Fund for Development and other governmental entities to better access new developmental funds.
- Address various market segments with creative products while capitalizing on guarantee mechanisms offered by multilateral financial institutions.
- Grow the microfinance portfolio and adopt new business agreements to remain competitive in light of the new microfinance law.

Debt Capital Markets Division (DCM)

Business Profile

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 CIBs substantive underwriting capabilities, established relationships with international financial institutions and export credit agencies and placing capabilities in the local market with banks, insurance companies, money market and fixed income funds. Furthermore, the Division provides large scale borrowers with better market access and greater ease and speed of execution.

2014 Achievements

- In light of the gradual stabilization of the Egyptian market in 2014, the Debt Capital Markets Division successfully executed deals worth over EGP 31 billion in 2014, up from EGP 14.5 billion in 2013. The 2014 financing deals were primarily in the oil and gas, commercial real estate, petrochemicals, building materials, power and infrastructure (PPP) 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 Book-runner in these transactions. Furthermore, the Debt Capital Markets Division has laid the foundation for future income generation with a substantial deal pipeline for an aggregate of EGP 21.8 billion expected to be closed during Q1 2015. The pipeline includes mega projects in the renewable energy and public services / utilities sectors, which the government is making a top national priority in the coming period.
- The Debt Capital Markets Division also continues to be a leader in capital markets by playing a unique role in the local market through structuring and placing complex securitization structures. In 2014, the division structured and placed three local securitization deals for non-bank financial institutions with an aggregate issue size of EGP 1.28 billion while working on five other transactions worth a combined EGP 2.58 billion which are expected to close during the first half of 2015.

2015 Strategy

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 (with a special focus on renewable and green energy), 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 and Capital Markets department (TCM) is a top profit center for the Bank, providing a wide range of products and services. TCM's products include Foreign Exchange and Money Market trading activities, primary and secondary government debt trading, management of interest rate gaps (with associated hedging), and pricing of local and foreign currency deposits. Fixed Income Eurobonds are also traded with clients covering sovereign fixed income bonds, whose price and interest rate are usually denominated in US dollars, while foreign exchange and interest rate products are used by our customers for both investment and hedging. Our hedging products cover direct forwards and 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, interest rate caps / floors / structured products and target redemption. Moreover, third party FX for cash payments is also available through CIB where clients are able to purchase unconventional currencies (not regularly available in Egypt, such as the Chinese yuan) and promptly transfer to the currency's country of origin to make international payments.

Other FX yield enhancement investment 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 deposits when compared with internationally announced rates on these currencies. The Corporate Sales Desk provides CIB clients with unparalleled service around-the-clock, including weekends and holidays, with daily market commentary, weekly technical analysis, a monthly USD/EGP outlook report and an SMS service that displays rates of our main currencies and sovereign bonds. The TCM Department promptly accommodates customer requests to help clients avoid market fluctuations, while the Fixed Income and Money Markets Desk (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 TCM Department interacts with almost all of CIB's clients ranging from large corporate clients, Global Customer Relations (GCR), Business Banking, Retail, Wealth, and CIB Strategic Relations clients. TCM also interacts with financial institutions, including funds, insurance companies, brokerage companies and others. To enhance TCM's FX service offerings, the Division was internally re-structured into two main desks: one covering Corporate Banking clients & GCR, and the other is responsible for the Business Banking, Retail, Wealth and the Strategic Relations clients. Within each area, every trader is responsible for handling specific clients to enhance specialization and customer price sensitivity with the aim of promoting customer value added in the Treasury arena.

2014 Accomplishments

In 2014, CIB's TCM Department won the Best FX Service in Africa Award from EMEA Finance Treasury Services Awards, in addition to the Best Foreign Exchange Provider Award from Global Finance. CIB's Fixed Income Desk was also 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.

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.

2014 Performance

Local and international interest rates have been considerably lower in 2014 than in 2013, which, in Egypt, was due to the significant improvement in sociopolitical conditions and the large financial support received from GCC countries since mid-2013. In Europe and the United States, the interest rate cuts were driven by low inflation and the fear of deflation. Nonetheless, ALM was able to maintain the Bank's Net Interest Margin (NIM) in 2014 at the same levels as the previous year, and to enhance the Bank's Net Interest Income (NII) through encouraging and participating in aggressive deposit gathering — at low cost — while properly managing the Bank's interest maturity profile. Meanwhile, ALM continued to maintain healthy regulatory ratios and meet all internal and external controls.

2015 Strategy

The ALM Department is anticipating growth in private sector business, driven by a gradual pickup in several sectors and a boost in investor confidence. As such, ALM will continue positioning the Bank to comfortably support all of its customers' needs, while enhancing shareholder value.

Direct Investment Group (DIG)

A Local Partner with International Standards

Business Profile

The Direct Investment Group 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

Exits CIB successfully exited from its investment in a major player in the Egyptian textile industry, with the exit generating a lucrative IRR for CIB.

DIG is currently in the advanced stage of offloading a sizable investment in the food sector. CIB is expected to achieve a cash-on-cash multiple in excess of three times the original investment cost.

Portfolio Management In terms of portfolio management, DIG continued its ongoing support to its portfolio companies at all levels. Furthermore, DIG continued the capital increase plans for CIB's affiliates, while simultaneously providing unparalleled support on the Board of Directors level to promote synergies and further institutionalize CIB's affiliates. In addition, DIG supported one of its portfolio companies in the oil sector by extending the tenor and increasing the applicable interest rate for a previously approved shareholders loan, significantly improving the company's liquidity and funding position in turbulent times and further reiterating CIB's support.

The Pipeline On the growth front, DIG has maintained its strong deal pipeline, leveraging on continuous market screening and CIB's brand equity. Accordingly, DIG has assessed the viability of several investment opportunities in multiple sectors, including oil and gas, pharmaceuticals, and healthcare.

DIG is also currently engaged in exit negotiations for some of its portfolio investments in Telecom and Power industries. Full exits are planned to materialize in 2015.

Strategy Going Forward

DIG plans to continue providing support to existing portfolio companies, in addition to maintaining a positive long-term outlook grounded in a true belief in Egypt's solid fundamentals. Accordingly, DIG plans to pursue growth in sectors expected to benefit from the anticipated economic growth.

> **Direct Investment Group plans to continue providing support to existing portfolio companies, in addition to maintaining a positive long-term outlook grounded in a true belief in Egypt's solid fundamentals.**

Strategic Relations Group (SRG)

With a mission of achieving the highest levels of customer satisfaction among a customer base of world renowned non-profit organizations, SRG is truly consumer-focused. Global donor and development organizations — supported by their sovereign diplomatic missions, as well as tier-one educational institutions and major charity foundations — make up the mix of strategic relationships in the SRG portfolio.

SRG's dedicated professionals are committed to working closely with each client individually, designing innovative tailor-made services to suit their various business and operational needs. As a result, these relationships have continued to grow since the 1980s, achieving a healthy return on investment and positively impacting shareholder value.

Global Transaction Services Group (GTS)

CIB Global Transaction Services is a leading provider of cash management, trade finance and securities services to a wide array of corporate clients in Egypt. With a comprehensive suite of services, GTS serves clients with both limited and unique working capital needs and provides integrated reporting and management of their cash, trade and custody business.

Cash Management Services

The provision of automated services via a cash online platform forms the foundation of GTS's Cash Management service and is complemented by payment and collection capabilities that assist customers in optimizing their cash flow cycle and improve operating efficiencies.

Although the main focus in 2014 was on introducing innovative solutions customized to client needs, GTS remains keen on improving efficiency. The department redesigned the check collection process, reducing collection cycle, while also introducing a tracking mechanism to reduce cash handling fees across branches, allowing the bank to impose future value dates on cash deposits.

GTS also introduced a new sweeping and pooling service as a part of its Cash Management product inventory in 3Q14. As a part of our treasury services suit, the service introduces a means to optimize client working capital, combined with an investment element. The third quarter of 2014 also witnessed the launch of our Multibank Cash Concentration service that will allow the bank to attract working capital accounts of key clients, contributing to increasing our share of wallet.

Additional 2014 Accomplishments

- Provided SWIFT services for multinational companies, in addition to automating all the port's payments.
- Increased the STP process for Cash Management services by shifting all cash management tools from the old core banking system to the new one.
- Worked jointly with Misr for Central Clearing, Depository & Registry Co. (MCDR) to launch the first investor card in the market enabling retail investors to collect cash dividends through ATMs using the pool A/C of MCDR, while also accessible through point of sales machines.
- Collaborated with the Card's Product Management team to develop Egypt's first Commercial Purchasing Card / Deposit Card with the aim to replace the cash/paper based procurement cycle.
- Entered a partnership with the Egyptian government to automate the large number of payments occurring in a major governmental body.

Global Securities Services (GSS)

With the industry's largest market share and over EGP 244 billion in assets under custody in 2014 — compared to EGP 222 billion in 2013 — CIB is the leader in domestic and cross-border securities services for Egypt's top issuers, intermediaries and investors.

In 2014, the main focus of GSS was to promote its services in the local and global markets, with a special concentration on corporate customers offering high returns at minimal processing cost aside from maintaining a large securities portfolio.

2014 Accomplishments

- Provided custody services for assets owned by multinational companies with a total market value of EGP 5.4 billion.
- Maintained our leading position in the capital market as the sole provider of securitization services by obtaining two new portfolios with a value of EGP 1.3 billion.
- Implemented a new custody system that is expected to launch in the first quarter of 2015 with the goal of strengthening CIB's leading market position and infrastructure.

Trade Services

CIB Trade Services offer both the tools and expertise needed for a diverse set of clients to realize their business goals. CIB's trade solutions are designed to enable clients to effectively manage risk and optimize cash flows.

In pursuit of higher customer satisfaction levels, CIB achieved a 59% year-on-year increase in the number of transactions performed via trade online, bringing the percentage of transactions performed via 40 Trade hubs and Trade online to 95% of bank wide transactions.

Process optimization, which is ongoing, remains a major goal, and in 2014 CIB performed a series of significant adjustments to the Export ODC execution process, decreasing the TAT to a few hours. A speed cycle for ODCs has been implemented along with a notification email sent to clients, including a courier tracking number improving customer experience significantly and providing clients with a transparent look into every stage of ODC processing.

Forward Strategy

For the coming five years, the focus of GTS will be on achieving three strategic objectives that will enable CIB to transform Global Transaction Services into a comprehensive Global Transaction Banking proposition offering state of the art solutions and the best customer experience. These objectives are:

- Large-scale projects to transform online GTS platforms Cash & Trade simultaneously with model review and transformation in the areas of IT and Operations to achieve the required level of support
- Transition from a product-centric to a client-centric business model, focusing on product innovation and product development across Business Banking and Corporate Banking segments
- Price and service discrimination policies in favor of clients utilizing online channels, with preferential pricing for clients initiating transactions online and offering tiered service levels for higher fees

GTS Awards for 2014

Best Trade Finance 2014 – Global Finance

Best Trade Finance Bank by GTR

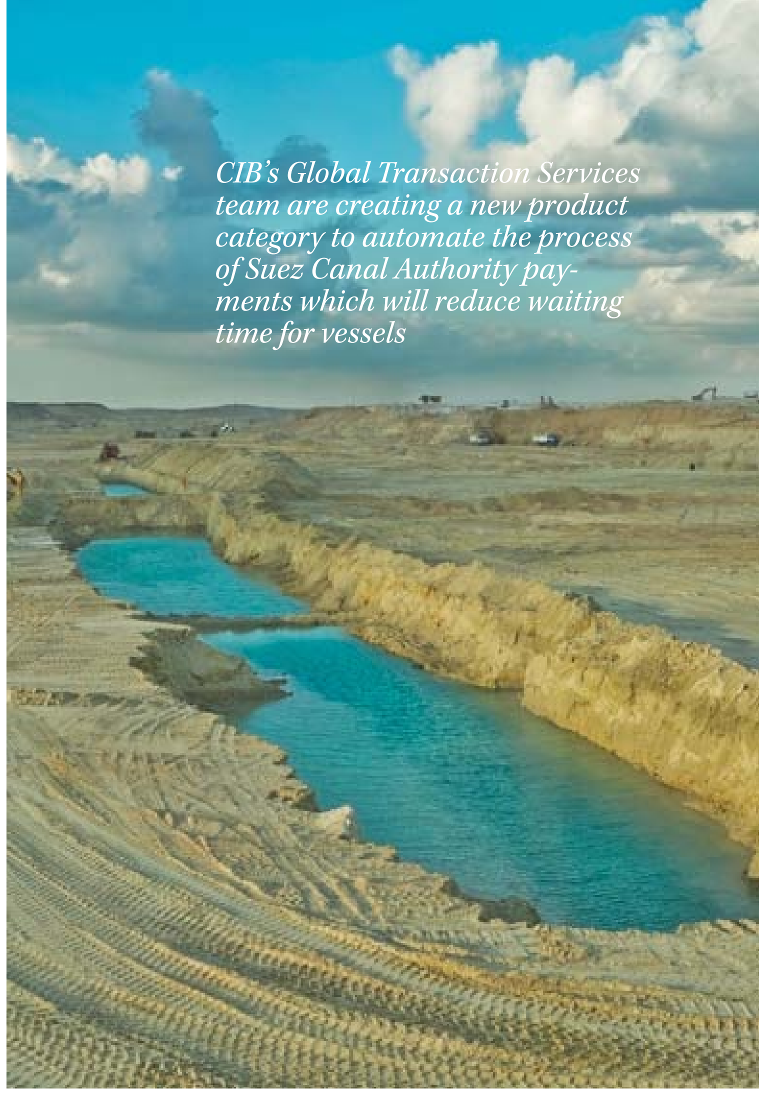
Best Sub custodian by Global Finance

Best Corporate/Institutional Internet Bank in Egypt - Global Finance

Best Online Cash Management - Global Finance

Best Integrated Corporate Bank Site - Global Finance

Best Information Security Initiatives - Global Finance



CIB's Global Transaction Services team are creating a new product category to automate the process of Suez Canal Authority payments which will reduce waiting time for vessels

GLOBAL CUSTOMER RELATIONS

Given the strategic role of the Global Customers Relation Group (GCR) and the healthy economic signals that began to emerge in mid-2014, the GCR has focused its efforts on capturing new business opportunities, widening CIB's customers base, introducing new innovate ideas and expanding the SOW of existing customer to ensure maximizing the profits, while maintaining our portfolio quality.

In light of this role, GCR has set targets to ensure the efficiency and the effectiveness of CIB efforts as highlighted hereunder:

Target 1 - Enforce the One Stop Shop Concept:

- In line with GCR's strategic goals and KPIs, 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.
- Business development and portfolio enhancement was pursued through growth in the existing portfolio in addition to new commitments.

Target 2 - Branding our Advisory role:

- 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.
- Increased efforts towards recovering questionable and Non-Performing Loans to safeguard the quality of CIB's asset portfolio.

Target 3 - Innovate and Promote New Ideas:

The Bank 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.

2014 Achievements:

- Contributed to the growth of the corporate portfolio by EGP 2.09 billion through increasing CIB share of wallet with 426 existing clients and 19 new-to-bank clients.
- Contributed to the growth of corporate profitability by 38.7%, reaching EGP 1.20 billion as of December 31st, 2014 up from EGP 861 million as of December 31st, 2013.
- Corporate Liabilities: Increase in liabilities worth EGP 2.16 billion (Existing clients for EGP 2.12 billion and New Clients for EGP 40 million).
- GCR successfully introduced new names to CIB's customer base in chemicals, construction, retailers, precious metals, automotive, agriculture and gas industries along with non-profit institutions.
- Penetrating a new industry, namely the livestock industry.

Collaborated with other departments to introduce new products:

- **CIB – MCDR Prepaid Investor Card:** CIB has introduced a new prepaid card in collaboration with MCDR; the card is an innovative idea to simplify the dividends withdrawal process for shareholders using the CIB ATM network.
- **New Mobile Payment Application**
- **New Cash Pool Portal**
- **CIB Foundation:** EGP 3 million donated by the CIB Foundation to finance the establishment of the pediatric outpatient clinics of the National Cancer Hospital.

2014 Achievements in Consumer Banking:

- A 16.6% increase in the number of payroll accounts.
- A 31.8% increase in the amount of personal loans.
- A 24.1% increase in the amount of personal deposits.

2014 Achievements in Merchant Acquiring Services

Merchant Acquiring Services expanded, with GCR's help, to cover all GCR clients that require them, as a total of 150 POS machines were installed in 2014 at Emaar Misr, Carrefour, Mobinil, Accor Group, Oro Egypt "Lazurde", Etisalat, Vodafone, Consukorra & Retail Group Egypt.

2014 Achievements in Global Transaction Services (GTS)

GTS successfully completed a total of 38 deals across the CIB Cash Online, E-Trade and ACH platforms.

CIB Affiliates:

- **Egypt Factors:** Receivables factoring services provided to GCR clients recorded revenues of EGP 66,000 throughout 2014.
- **Falcon:** Falcon carried out Cash Transit Services for Mobinil, Vodafone, Coca Cola, Emaar Misr and Mansour Chevrolet.

Going Forward — GCR Strategy 2015

- 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 on energy, EEA, transportation, logistics and ports.
- 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 towards 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 have well-rounded solutions for clients.
- Constant market screening to spot new opportunities with existing clients and expand with new-to-bank clients.

Reusable water bottles were distributed to all CIB staff members leading to an 80% reduction in the use of disposable plastic cups and water bottles

CONSUMER & BUSINESS BANKING

Cards
CIB is leading the transformation of Egyptian society from a cash-based to a non-cash-based market through working on increasing card acceptance and making CIB cards the nation's preferred payment vehicle, offering a full product suite of credit, debit, prepaid and POS.

During 2014, the total credit cards portfolio grew by 23% and ENR increased by 30% — bringing ENR close to EGP 1 billion — while sales increased by 24%, generating a total annual volume of EGP 3.6 billion.

Major accomplishments in 2014 include the inauguration of two major campaigns to launch five new credit card types. In the first quarter, the FIFA Credit Card was launched, leveraging FIFA World Cup Official Sponsorship in association with Visa. In the second quarter, the first airline co-brand credit card in Egypt, in collaboration with Egyptair through a strategic alliance, was successfully launched. The credit card comes in three different types: platinum, titanium and standard. The new product has been well received in the market and currently contributes 30% of total credit card acquisitions.

On the Acquiring level, CIB continues to be the market leader, processing 34% of total market activity, representing 11.3 million transactions worth EGP 7.4 billion with year-on-year growth of 26%.

Insurance Business
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.

A number of new life insurance programs were introduced in 2014 with upgraded benefits to better satisfy customer needs.

Strategic Goals:
- Increase 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.

2014 Achievements: Life Insurance:
- Achieved a remarkable net growth in fee income to reach 20 % year-to-date (EGP 61 million in 2014 compared to EGP 51 million in 2013).
- Continued to provide a wide array of insurance plans to meet the needs of all consumers.

2014 Achievements: General Insurance:
- Increased Credit Shield administrative fees by EGP 14.2 million in 2014 compared to EGP 10.5 million in 2013.
- Increased Family Protection Plan administrative fees by EGP 2.7 million in 2014 compared to EGP 1.8 million in 2013.
- Operational revenues reached EGP 1.2 million in 2014, compared to EGP 1 million in 2013.
- 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, and enhancing the reviewing processes for smooth handling.
- Created bundled insurance consumer products packages, such as Roadside Assistance and a Fleet Financing Program related to the Business Banking Segment.
- Launched complete property insurance for the new mortgage offered by the Egyptian government for the low and middle income segments.

Business Banking
The Business Banking segment is responsible for SMEs under CIB's portfolio, managing over 4,500 companies and offering them various products and services that best suit their needs and interests.

After successfully establishing the business model and strategy over the past couple of years and showing great potential in the segment, CIB has supported and allocated significant resources to help grow and mature the Business Banking segment.

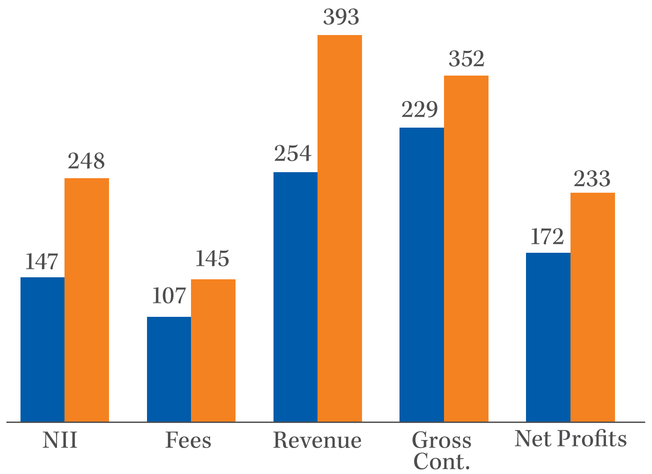
Financials & Achievements
We consider 2014 to have been an important chapter in the segment's history. In 2014, the segment saw several success stories in segmentation strategies, new business directions, asset portfolio diversification and product programs. Overall segment performance and bottom line profit are as follows:
- Deposits end net result grew from EGP 11.4 billion in FY13 to EGP 17.5 billion in FY14, an impressive 53% growth rate.
- Total loan portfolio also witnessed significant growth from EGP 553.1 million in FY13 to EGP 997.9 million in FY14, a rise of 80%.

- The Business Banking segment contributed EGP 346.3 million in Net Profit After Taxes, a 44% increase from the EGP 240.6 million in Net Profit After Taxes during FY13.

Lastly, part of the Business Banking strategy is to increase its market share, as reflected in the segment's NTB acquisitions, which saw a total of 1,369 new companies added to CIB's portfolio, compared to a total of 638 in 2013.

The Business Banking segment has exhibited an ongoing growth and performance improvement, as seen in the following graph:

P&L Performance 2013-2014



In addition to solid growth and performance figures, the Business Banking segment has a moral role and obligation — aside from being one of CIB's main revenue drivers — towards Egypt, and, in particular, the SME sector in the country. It is CIB's belief that SMEs are the future of our country's economy and that in order to see a true economic uptick, the sector needs sustained support, including opportunities from which to grow businesses into medium-sized and large companies.

To that end, the Business Banking segment has laid down the first blocks of comprehensive business programs and products that cater to the financial needs of our clients in key sectors, including agriculture, medicine, financing solutions, asset programs, cash management solutions and, most importantly, E-Business and digital products that enable our clients to manage their businesses on-the-go and from the comfort of their offices.

CIB has also invested a great portion of both our time and resources to hire and retain the best Relationship Managers (RM) in the country to serve these SMEs. Our RMs undergo an extensive training program known as the "CIB Business Banking Academy," which is a three month extensive training program aiming to ensure that our Relationship Managers are the best in the Egyptian market and will offer world-class financial advisory services to our customers.

The purpose of the Business Banking Academy is to foster strong and ambitious talent, qualities that define and represent our segment, through extensive training on soft skills, essential selling tools, technical knowledge on key subjects such as the Trade Finance business and on-the-job training to put the acquired knowledge into practice.

The Business Banking segment is planning for significant development and business growth in the coming years on the back of continuous support from CIB's top management and Board of Directors, who have placed their trust in this segment.

Liabilities

The success of CIB consumer banking is clearly demonstrated by the exceptional growth in customer deposits, which reached EGP 87.7 billion in December 2014, an impressive 24% increase of EGP 17 billion over year-end 2013.

In December 2014, CIB's total liabilities reached EGP 121.6 billion, a rise of EGP 25 billion or 26% over year-end 2013. CIB's deposit market share reached 7.85% as of October 2014, maintaining CIB's leading position amongst all private-sector banks. This growth is an outstanding achievement in a highly-competitive market of 40 banks, and helped CIB increase its footprint of overall deposits in the Egyptian banking system.

Consumer Banking's strategy was focused on the household segment, which was clearly reflected in the household market share increase of 0.31 basis points to reach 6.64% as of October 2014.

As a market leader, CIB also launched two new tailored products for the household segment. These products are Save & Safe saving accounts, bundled with several insurance benefits, and Miles Everywhere current accounts to enhance CIB's competitive advantage.

Wealth

CIB Wealth is continuing its excellent client-centric focus by providing tailored product and service offerings suited to the needs of Egypt's affluent individuals. Wealth segment

Water restrictors installed at CIB branches have helped reduce water consumption by 30% in 2014 deposits grew by 21% and assets grew by 25% year-on-year as of year-end 2014 as a result of new products and services offered in the market. With a focus on the training and development of our CIB Wealth Managers, a Wealth accreditation program was successfully launched in coordination with the American University in Cairo.

In 2015, the Wealth segment will continue its tiered proposition offerings and communication strategies to target and affluent individuals, and will focus on customer behavior and a micro-segmentation approach to understand their behavioral needs in depth and offer special products and services catering those financial and non-financial needs.

Plus

CIB Plus had a successful grand launch in June 2014. At CIB Plus, we are committed to catering to the needs of medium net worth individuals to help pave the way to becoming Wealth. Our service is being offered using simplified products, fast track service and personalized service offerings through a network of Plus Bankers.

2014 witnessed growth for the Plus segment on several fronts:

- Plus segment customer base reached 7% of the total consumer customer base.
- Total Deposits portfolio grew by 50% year-on-year as of Dec-2014.
- Total Assets portfolio grew by 33% year-on-year as of Dec-2014.
- Revenues generated grew by 47% year-on-year as of Dec-2014.

During 2015, we will continue to work towards optimizing the capacity of CIB Plus and capitalizing on our strength in the market, product and service offering, and positive word of mouth.

Payroll

The Payroll business witnessed continued growth in 2014 achieving incremental net sales acquisition of around 61,000 live accounts as of September 2014, representing a 94% increase over 2013. This improvement was due to the application of a new sales structure within the branches network.

The payroll business is considered a major channel for liabilities and assets cross-sell, recording a significant rise in deposits and assets penetration with total deposits of EGP 3.3 billion, total assets portfolio reaching EGP 9 million and profit totaling EGP 54 million as of August 2014.

Given the prominent role of the CIB Payroll business in the market, a quality assurance team was established to provide round-the-clock qualitative service calls to Payroll customers, increasing the number of customers, updating the database of more than 10,000 accounts and providing the most up-to-date encryption system to secure companies' payroll files.

Consumer Loans

Consumer Loans portfolios recorded positive trends during 2014. These trends were evident during year-to-date 2014, which were attributed to the application of new business initiatives across all loan product lines.

The Personal Loans portfolio grew by 43%, recording EGP 4.74 billion by year-end 2014 against EGP 3.33 billion in 2013. 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 approved programs. Moreover, this led to a shift in the sourcing mix towards high yield segments and an increase Net Interest Margins of 32% to reach 3.83% at year-end 2014 as opposed to 2.9% at year-end 2013.

On the sales front, applied business initiatives led to an increase in single customer profitability by applying a multiple product sales model and increasing unsecured loans average ticket size by 58% to reach EGP 56,000 against EGP 35,000 in 2013. Personal Loans revenues recorded a growth rate of 81%, achieving EGP 244 million in 2014 versus EGP 134 million in 2013.

PIL has the highest contribution in the assets book and P&L, representing 53% and 42% of the total assets portfolio in terms of ENR and revenue, respectively, as shown below.

Product	ENR	%	Revenue	%
PIL	4,731,209	53%	243,607	42%
SOD	2,340,425	26%	64,960	11%
Credit Cards	984,360	11%	211,532	37%
Auto Loans	572,503	6%	11,461	8%
Mortgage	250,581	3%	11,461	2%
ROD	6,685	0%	297	0%
Total	8,885,763	100%	577,700	100%

In 2015, the Personal Loans Business will continue focusing on maximizing overall portfolio Net Interest Margin and gross contribution by prioritizing sourcing from unsecured lending with an increased focus on high-yield programs as well as increasing assets penetration to payroll customers. The business will focus on bundling products by providing comprehensive packages to different segments, increasing acquisitions through partnerships and co-branding for a higher market share and higher spreads.

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 11% in 2013 to reach 14% in 2014. 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 a 88% growth in revenue to reach EGP 46 million in 2014, an EGP 21 million increase over 2013, while contributing to the growth of the Consumer Assets Unsecured portfolio. Sustaining product proposition enhancement contributed to this achievement and served to grow CIB's market share. By mid-October, a tie-up with Mansour Automotive was launched providing zero administrative fees on all Mansour car brands financed through CIB.

On the P&L level, Unsecured Auto Loans Gross Contribution started to break even as a result of the significant 50% growth rate of the ENR which had a direct impact on the Revenue lines associated with Lower Provisions, given better portfolio quality and expenses rationalization.

The Secured Overdraft portfolio reached EGP 2.3 billion in 2014, as its strategy was centered on changing the portfolio mix towards Local Currency lending which also contributed to increasing the NIM to 2.17% in 2014 compared to 1.84% in 2013. The portfolio witnessed the introduction of unsecured overdraft programs to capitalize on payroll relations.

The Mortgage Business started working on the new CBE project for low/medium income after signing a protocol with Subsidy fund, with the business receiving 150 initial files in November 2014.

Marketing & Communication

The scope of CIB's Marketing & Communication Department is comprehensive, working closely with the business lines to set a cohesive branding, marketing and communication strategy across the Bank. This strategy is directed towards our clients and potential clients, including owning all marketing activities on the tactical and strategic level for our business partners.

The Marketing & Communication Department focuses on providing CIB clients with all possible methodologies to allow them to interact with a top-notch financial institution such as CIB, while focusing on the Unique Selling Proposition (USPs) of each product and illustrating all banking product features that make our clients' lives easier — all done in support of our overall efforts to satisfy our clients' daily needs.

At CIB, we believe that in the current digital era, consumer financial and non-financial needs are changing, bring along a challenge to combine marketing tools and methods in order to better anticipate all aspects of consumer needs — one of the main focal points of the Marketing & Communication Department.

Our 360-degree marketing approach provides interactive tools, creative methods and diversified mediums to reach our target groups, including but not limited to:

- Pre-launching product focus groups to determine consumer preferences.
- Conducting field surveys on products and propositions sub-brands perception.
- Adopting state-of-the-art and outside-the-box services such as The Moving ATM.
- Efficiently using innovative digital media to extend our reach.
- Securing a presence within our clients' communities via on-ground activation and our customers' interest touch points.
- Enhancing our social media coverage to engage with various Egyptian communities.
- Utilizing search marketing optimization for better exposure, as the audience for search engines is growing in Egypt.
- Utilizing other methods of communication with our clients via local channels, including our more than 590 ATMs, points of sales materials in more than 160 branches, client statements, e-mails and SMS messages.

CIB's Alliances & Sponsorships provide the Bank with excellent exposure from a marketing standpoint, reinforcing the position of CIB as the leading and most innovative financial institution in Egypt. In 2014, we were proudly aligned with the Egyptian National Carrier, Egypt Air, in issuing the first co-branded credit card, Miles Everywhere, giving our clients air miles utilized in diversified shopping spots. CIB also partnered with Visa to be the Official Egyptian Bank in association with Visa for the 2014 FIFA World Cup in Brazil. At the same time, CIB collaborated with a number of retailers for extra benefits and lifestyle privileges for our card holders and proudly sponsored the elite gym Fibers in both Maadi and at the Four Seasons, Giza, to cater to CIB Wealth clients' healthy lifestyles.

2014 Achievements

The Marketing and Communication Department launched a number of innovative products and propositions in 2014, such as the grand launch of the CIB PLUS segment, the integrated marketing campaign for the Save & Safe saving account, and a facelift to CIB Business Banking, in addition to the aforementioned alliances and sponsorships. Our Marketing and Communication efforts will continue seeking new and innovative products and services to remain close to our clients and remain an integral part of their daily life.

Alternative Distribution Channels

At CIB, one of our core beliefs is 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:

Online Banking is considered the core of the Bank's digital channels for inquires and non-cash transactions. This year witnessed an increase of 37% in the number of users and 45% in the number of transactions performed through Online Banking. The year 2014 also witnessed an improvement in the service interface design, user friendliness and an increase of the functions portfolio as well as the offering of a differentiated treatment to the Bank's segments: Wealth, Plus and Business Banking. The service was also offered in Arabic for our clients who prefer it over the English interface.

ATM Network:

One of the key purposes of the ATM network is to offload teller transactions from CIB branches to reduce the transaction cost and concentrate on offering superior service inside the branch, while the customer migration rate reached 85% of credit card payments and 65% of the transactions related to deposits into individual account. The year 2014 witnessed horizontal growth in the services offered through our ATMs, such as person-to-person local remittance transactions as well as the corporate deposit cards. A vertical increase in the service capability was also seen through the offering of higher withdrawal and deposit limits over the channel. In regard to Fawry e-payments over ATMs, CIB was able to reach second place in the market in terms of the number of transactions in only 6 months since the offering of the service. The year 2014 also witnessed an increase in the number of ATMs, which grew to 588, with a concentration on high traffic areas and gathering places to allow CIB ATMs to serve as a strong tool for brand visibility.

Call Center:

CIB's 24/7 Call Center mission is to deliver world-class service that supports CIB's vision, which aims at building and maintaining loyal and satisfied existing and prospective customers. In 2014, our Call Center supported over 3 million agent-handled and self-service inquiries, transactions, requests and complaints. We increased our workforce by 23% in 2014 to more than 140 well-trained and veteran Call Center agents. The Call Center also started its transformation journey as a full-fledged contact center in Q2 2014, providing multimedia customer service interaction by offering the ultimate customer experience of serving CIB customers and answering public inquiries on CIB's official Social Media platforms.

Phone Banking (IVR):

In 2014, CIB's IVR channel saw some 900,000 inquiries, transactions and requests, continuing to offer an optimized customer journey and providing more personalized treatment according to the customer segment value. In this regard, CIB is revamping the Phone Banking Service to enhance the navigation experience, introducing more value added services to CIB customers focusing on migrating heavy traffic from the call center agents to the unattended self-service menu. A current project planned to launch in Q1 2015 will offer multi login options, cards' PIN setup and activation for non-resident clients, segmented treatment and surveys that capture the sentiments of the customer.

E-Payments:

CIB continues to rank as the number one bank in collecting governmental e-payments with a market share of 34% with a collected amount of over EGP 17 billion. CIB expanded its e-payment services in 2014 to cover all Egyptian ports, with fees generated from such services increasing by 19% when compared to 2013. The bank has also increased its lead in the market by introducing the Corporate Payment Services (CPS), which provides governmental e-payment services for key corporate clients through secured portals that are accessible 24/7 without the need to visit a CIB branch.

Mobile Wallet:

As mobile phones are becoming more common and versatile, they have started to play an increasing role in the interactions between consumers and financial services, retailers and other businesses. The massive global penetration of mobile services and the revolutionary pace of technology improvements resulted in the evolution of the Mobile Financial Services (MFS). CIB kicked off its Mobile Wallet initiative to be offer transformational solutions targeting banked and unbanked customers to perform a variety of payment transactions such as person-to-person and bill payment services through the comfort of a mobile device.

CIB Portal:

As part of a newly offered public portal, 2014 witnessed the offering of valuable dynamic functionalities that improve interactions with the public and the generation of sales leads. New initiatives included the offering of a dynamic interface for provided merchant discounts on CIB cards, in addition to loan calculators that match the bank's program for Personal Loans, Auto Loans and Mortgages. Such features, along with the online forms, are designed to support CIB customers in taking proper financial decisions and capturing quality digital leads to improve sales of retail products.

CIB Social Media Presence:

CIB launched its official Facebook page which garnered about 50,000 likes since its launch in April 2014. Since then, the page has supported the digital brand presence leveraging on the ongoing marketing activities, in addition to improving the customer experience by listening and responding to customers' suggestions and inquiries through the 24/7 social care team. Social Baker, one of the largest independent social media trackers, has named CIB Egypt as the number one growing financial-sector related fan page in Egypt in June.

The rooftop garden at CIB's Tiba building in Mohandiseen

COO AREA

Operations & IT Groups

The Operations Group sustained its focus to align with the bank strategic directions and business plans where further collaborations were created by consolidating the Information Technology Group and CIB Branding under the same operations domain. These changes aim to optimize work efficiencies and synergies between the operations and technology functions and streamlining the process flow.

As the Bank moves towards an aggressive growth agenda and business aspirations in its five-year-plan, and as management continues to explore different business opportunities and growth objectives, it becomes essential to apply effective controls in support of the business plans through well-established policies and guidelines and proper governance of critical control functions. A new Chief Security Officer (CSO) function has been established to manage and mitigate security related risks across different aspects within the organization including physical, cyber and IT security as well as information security.

In line with our continuous efforts to achieve the highest standards of performance and customer experience, a set of surveys have been conducted to identify our current position within the industry. Surveys such as Competition Benchmarking Analysis and Customer Satisfaction surveys conducted for individuals, corporate and mid-corporate clients have assisted in identifying the best approach for raising our service level standards in comparison to other banks within the industry. A brand awareness survey has also been conducted to support our objective for better brand positioning.

Additional improvements in Alternate Channels delivered on stretched goals by offloading some of the work from our branch network and improving the overall customer experience. This included an expansion of our ATM network to c. 600 machines, as well as the addition of new features. Also, Phase 2 of our new online banking portal has been launched as part of our continuous efforts to enhance our services platform for our customers and improve their experience with CIB.

Our Call Center supported inquiries, transactions, requests and complaints over the phone for more than 3 million self-service and agent-handled calls in 2014. We also established a presence on social media through our official Facebook page, which is available 24 hours a day, 7 days a week to handle any customer communication. Additionally, the interactive video call service was launched whereby customers can interact visually with call center agents.

Furthermore, the Operations Group plans to introduce a number of key projects in 2015 that primarily aim to improve our operational efficiency and customer experience. This will be achieved through a comprehensive Customer Relationship Management and Business Process Management systems, in addition to a number of key automation projects that will significantly improve our productivity and efficiency.

Corporate Services

Corporate Services continues to play a key role in supporting the Bank's key strategic functions and important initiatives such as the Bank's drive towards sustainable development. A new vendor risk management policy and methodologies have been introduced for more efficient and effective vendor management from both the operational and risk mitigation standpoints.

Moreover, providing effective security awareness, support and control in line with business readiness remains one of the division's key ongoing objectives and commitments.

Corporate Services continues to strive to increase efficiency across the Bank's operations by applying effective controls on a number of key projects that are planned for 2015, such as enhancing the Assets and Inventory Management System as well as other strategic initiatives aimed at helping the Bank achieve its overall goals.

Information Technology

In 2014, IT continued to finalize key projects for the Bank to support strategic and business plans. Major achievements accomplished included the full launch of our core banking system, which continues to create an enhanced and better customer service platform.

IT dedicated efforts to finalize the Disaster Recovery infrastructure by launching the Alternative Data Center. A dedicated Quality Assurance and Governance function was established to provide a more efficient and effective management of internal recourses and processes within IT.

The foundations of the Bank's aggressive growth strategy are being set by our IT infrastructure through goal-oriented planning and clear implementation in which set projects are consistently upgraded and enhanced to ensure the continuous availability and reliability of our services.

Premises Projects

Moving into 2015 the Bank has begun implementing its recently issued "Premises Square" initiative which sets out its core philosophy moving forward. This core philosophy rests on four pillars focusing on Advanced Customer Experience, Corporate Social Responsibility, Sustainability and Safety.

Two key initiatives of 2014 were the "Sustainable Initiatives" and "Special Needs Customer Facilities" which profoundly expanded CIB's scope in Corporate Social Responsibility. Furthermore, we adopted several sustainable initiatives which were reflected in the design guidelines of our head offices and branches.

Moreover, we also increased CIB's reach by establishing around 11 new branches in addition to redesigning and expanding 7,500 sqm of the CIB Head Office complex to further enhance the working environment and streamline workflow.

The shaded rooftop terrace and garden at CIB's smart village building helps minimize reliance on air-conditioning

> The Operations Group plans to introduce a number of key projects in 2015 that primarily aim to improve our operational efficiency and customer experience.

Business Continuity Management

As part of CIB's vision to be the leading and most trusted financial institution in Egypt, the Bank has undertaken numerous protocols and procedures to guard against adverse contingencies and to ensure the safety of our employees and assets at all times.

CIB received global recognition for its business continuity management by a number of leading global certification bodies and institution in Business Continuity and Disaster Recovery Planning. The Bank was first runner-up for Disaster Recovery Institute International's (DRI) "Response & Recovery of the Year Award," one of the most prestigious international awards in business continuity and crisis management excellence awards.

The Bank received further acclaim when it was shortlisted by the UK-based Business Continuity Institute (BCI) to receive its "Most Effective Recovery of the Year Award" and the "Business Continuity Team of the Year."

These global accolades acknowledging excellence in continuity management, technology recovery and crisis management practices worldwide add considerable value to our business as it enhances our image and highlights our commitment to providing uninterrupted services and support to our customers as well as protecting their investments, assets, and funds.

Finance Group

The year 2014 was another transformative year for the Finance Group, as it enhanced its human and IT capital to meet its expanded role within the organization.

In keeping with the Group's broader strategic role within the organization, the Management Reporting and Business Analysis segment was restructured to improve the quality of analysis and better facilitate implementation of the Board's strategic initiatives across the firm. This has allowed greater focus on driving performance and supporting the daily decision-making process to optimize long-term shareholder value. A prime example of this was the expanded use of Risk Adjusted Return on Capital (RAROC) metrics in policy-making across the business to drive greater efficiency in capital allocation.

Another significant achievement was the introduction of fully IFRS-compliant financial statements to support CIB's GDR program for our international investors on the London Stock Exchange. In 2014, CIB obtained clearance from the Egyptian tax authorities regarding income and payroll tax claims prior to 2013. This gives CIB shareholders unique transparency and certainty regarding the two largest tax liabilities Egyptian companies face.

The year 2014 also saw major IT infrastructure upgrades of our infrastructure and reporting platforms, with an advanced enterprise performance management system implemented to provide more comprehensive and timely reporting capabilities. Our new budgeting and planning system also had a successful launch, resulting in a significant reduction of the firm's budget cycle time.

Additionally, Finance Group sponsored the cross-selling initiative across the Bank, implementing a new firm-wide policy and following up closely with the various stakeholders to drive a marked increase in referrals that have translated into significant new business for the firm.

Human Resources

Recruitment in 2014:

On the recruitment side, the focus was on providing CIB staff with various opportunities for growth and career advancement, in addition to ingraining a culture of "promoting from within" by offering cross exposure between various business and support areas to help develop banking talent.

Through campus visitations, external job postings and maintaining a presence at 10 employment fairs we attracted over 300 new hires to date.

Our on-campus outreach programs, including employment fairs, winter training initiative, and events such as "An Employer's Perception of Your Resume" at AUC, served as one of our main conduits for summer and for-credit interns. The fourth round of our summer internship program was held this year with a carefully selected group of 50 summer interns from reputable universities. Moreover, the retention rate of new hires increased by 1% in 2014 versus 2013.

Organization Development:

This year saw the Organization Development Department (OD) redouble its focus on reviewing and updating the Bank's organization structures and outlined job descriptions in order to ensure organizational effectiveness and alignment with CIB's overall strategy. The department also worked on updating all HR policies and procedures to promote greater fairness, equality and transparency among employees which in turn should raise staff motivation and commitment towards the organization leading to a healthy organizational culture.

One of the OD department's main objectives is to identify and retain the Bank's key talents, which it did in 2014 through the launch of the second round of its Management Associates Development Program (MADP). MADP aims to cultivate a pool of talented future leaders with a solid professional banking foundation to support the bank's strategy in maintaining its market position and competitive edge.

Soilless culture garden at the Smart Village building, which relies on minimal water consumption and reduces waste

> Over the past 18 months, CIB has been committed to implementing several approaches to embed sustainability in its core functions.

The "Employee Effectiveness Survey" project has been one of the major and ongoing initiatives of the OD department as it measures employee engagement and enablement levels across the organization in addition to identifying various areas requiring organizational and cultural improvement. CIB conducted its third Employee Effectiveness Survey in June 2014, which was administered by Hay Group, a global management consulting firm. The OD team has worked closely with internal stakeholders on the development of integrated action plans targeting various shortcomings identified in the survey results to ensure they are effectively addressed, and ultimately, to optimize overall employee satisfaction and organizational performance.

Learning & Development:

Learning & Development (L&D) objectives were better conceptualized and formulated in 2014 and used as a means to make learning more efficient through a very well-structured training strategy covering all of CIB's areas and levels to ensure that all employees have a fair opportunity to obtain the skills and knowledge required for their development and growth.

As capability building is central to our organizational performance, L&D focused on implementing a comprehensive series of programs that were tailored for senior managers targeting strategy formulation, setting vision and long term plans; while middle management programs aimed at expanding the leadership capacities and skills.

A bundle of more than 190 business, technical and management programs took place and impacted 75% of CIB's staff.

L&D introduced the "Job Families approach" in 2014 throughout CIB with a focus on Consumer Banking. The initiative offers different accreditation programs such as the "Wealth Accreditation" and "Plus Accreditation" by educating and certifying individuals in all essential technical and business skill sets required for performance at a higher and more complex level.

New learning techniques introduced include:

- E-Learning: Leveraging technology tools such as an E-Library to provide an easily accessible source knowledge material
- Off-site Events: Aimed at increasing loyalty and engagement of employees in addition to strengthening the team spirit.
- Open Seminars: focused on adding new knowledge and enhancing the employees existing skills.

L&D plans for 2015 will build on the set learning strategy through an increased focus on the Job Families approach and expanding its role throughout the Bank. Furthermore, new training techniques such as e-learning solutions (as an alternative to the conventional classroom approach) in 2015 targeting specific organizational layers should greatly impact the training cost structure and would help in enhancing organizational efficiency, training, outreach, and accessibility which will result in an increasingly positive Return on Investment.

Compensation & Benefits:

The Compensation & Benefits team revisited CIB's reward framework efficiency and effectiveness and decided to enhance variable pay distribution mechanisms and linking them to individual and department performance to ensure fairness and consistency.

Throughout the year CIB participated in many Banking HR Directors forums and Compensation and Benefits surveys to capture various industry insights and maintain the Bank's competitive position against peers hunting for similar talents and future leaders. The C&B team has also worked closely with Recruitment and Selection in designing attractive packages for high potential candidates from inside and outside Egypt.

Sustainable Development Department

CIB is known to lead by example in the banking sector in various domains, including its new Corporate Sustainability Initiative, which was launched in March 2013. The Bank's leadership position is rooted in senior management's strong commitment to a perceptive longer term vision of the future that strikes a sound balance between the strategic goal of increased profitability and financial health, as well as serving broader socioeconomic and environmental interests.

The main underlying focus is anchoring sustainability as a bank-wide culture and mindset. Translating this ambition into a day-to-day reality is progressively being achieved through joint action and interaction between CIB's budding Sustainability Development Department (SDD) and the rest of the CIB family. High on the agenda is the integration of social, environmental, economic and sound corporate governance considerations into the Bank's DNA, policies, core business, code of conduct and day-to-day operations. This is coupled with tailor-made training programs, regular awareness sessions, intranet announcements, effective communication, creative initiatives, periodic reporting and bonding with various departments, as well as CIB's ever-expanding network of branches.

We are encouraged by the momentum that has been generated by this initiative, particularly the growing engagement of enthusiastic as well as passionate staff members; the Bank's real and renewable wealth. We are also aware that CIB is charting new waters. However, we view this initiative as the start of a gradual, challenging and inclusive journey that will ultimately lead to achieving international world-class standards and distinction.

Steady Strides along the Road to Sustainability

Over the past 18 months, CIB has been committed to implementing several approaches to embed sustainability in its core functions. These include:

- Reinforcing resource-efficient efforts and decreasing our carbon footprint by minimizing paper consumption. This was accomplished through double-sided printing and photocopying as well as the removal of personal laser printers.
- Planting organic rooftops in several head offices and installing green walls to reduce greenhouse gas emissions. We are also introducing an integrated solid waste management system and smoking restrictions continue to be enforced.
- Increasing water conservation efforts through the principle of "reduce for use" which led to a 20% decrease in water consumption.
- Expanding the energy conservation program through the installation of LED lamps across head offices and branches. This will lead to a 25% reduction in electricity bills.
- Moving forward on green technology application such as relying on solar energy and natural cooling initiatives to maintain a healthy environment and reduce costs which will be finalized by the end of 2015.
- Developing the Social and Environmental Management System (SEMS), which is a risk management framework identifying and quantifying social and environmental risks to avoid exposure to detrimental risks as well as advance durable business opportunities.
- Publishing our first Sustainability Report aligned with international best practices. It is based on the Global Reporting Initiative (GRI), a comprehensive sustainability reporting structure that is widely used around the world.

CIB Brand & Corporate Communication department

The CIB Brand & Corporate Communication department is geared towards establishing a favorable brand image and reputation within all the Bank's stakeholder groups, so that these groups are better able to contribute to the success of CIB. The department's main objective is to concentrate on Brand Marketing through managing sponsorships, events, creativity, production and public relations.

Throughout 2014, CIB Brand has made key efforts to expand CIB's image, brand loyalty, brand positioning and exposure, keeping in mind external and internal customers. A key example of this is CIB's continued position in Cairo's International Airport. The airport branding initiative creates exposure by attracting foreign investors while creating top-of-mind awareness to all potential clients and representing a strong and solid position for CIB compared to other banks in the market.

Building upon what we achieved last year in the Branches Rebranding Project, we are proud to say that all CIB Branches feature the new branding materials. All CIB branches now contain a standardized look and feel, and we added 12 new locations to our network this year. New brand and branch design guidelines have been established in order to support and improve the new brand position.

As the CIB website is one of the most important communication tools for the Bank, the Branding and Corporate Communication department continues to maintain a new and enhanced CIB website, which was redesigned with a simpler layout and more user-friendly navigation. The website continues to offer features such as support for both English and Arabic, a loan calculator, online forms, and an audio/video gallery.

In 2014 and moving towards 2015, CIB intends to continue to seal partnerships and sponsorships with a number of entities to enhance its brand image, relating to themes of quality lifestyle, CSR, art, culture and sports. CIB is now a sponsor of El Sawy Cultural Wheel, KidZania, IMAX 3D Cinema, Zawya, Euromoney, the Egyptian Squash Association, Youth Salon, and many more.

CIB Awards

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

- Best Foreign Exchange Providers 2014 – Country Winner – Global Finance
- Best Trade Finance 2014 – Global Finance
- Best Investment Bank 2014 - Global Finance
- Best Trade Finance Bank - GTR
- Best Emerging Markets Banks in Africa - Global Finance
- Best Bank in Egypt – Euromoney Excellence Award 2014
- Best Sub-custodian - Global Finance
- Best FX Services in Africa Award - EMEA Finance
- Best Corporate/Institutional Internet Bank in Egypt - Global Finance
- Best Online Cash Management - Global Finance
- Best Integrated Corporate Bank Site - Global Finance
- Best Information Security Initiatives - Global Finance
- Pan-Africa Award for Corporate Social Responsibility - EMEA Finance
- Best local bank in Egypt Award –EMEA Finance
- Elite Quality Recognition Award from JP Morgan - MT 103 (99.23% for five consecutive years)
- Elite Quality Recognition Award JP Morgan - MT 202 (99.8% for nine consecutive years)
- Bank of the Year Egypt – The Banker
- CEO of the Year - EMEA Finance African Banking Awards 2014

RISK GROUP

The Risk Group (RG) provides independent oversight and supports 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 and losses associated with unexpected business disruptions. The Group works to identify, measure, monitor, control and manage risk exposure against limits and tolerance levels and reports to senior management and the Board of Directors.

Organization

The Chief Risk Officer (CRO) manages the Risk Group and is responsible for the day-to-day monitoring of the following key areas: credit, investment, market, operational, liquidity and interest rate risks.

The CRO reports directly to the Chairman and Managing Director and is responsible for establishing a holistic risk management coverage by ensuring the following:

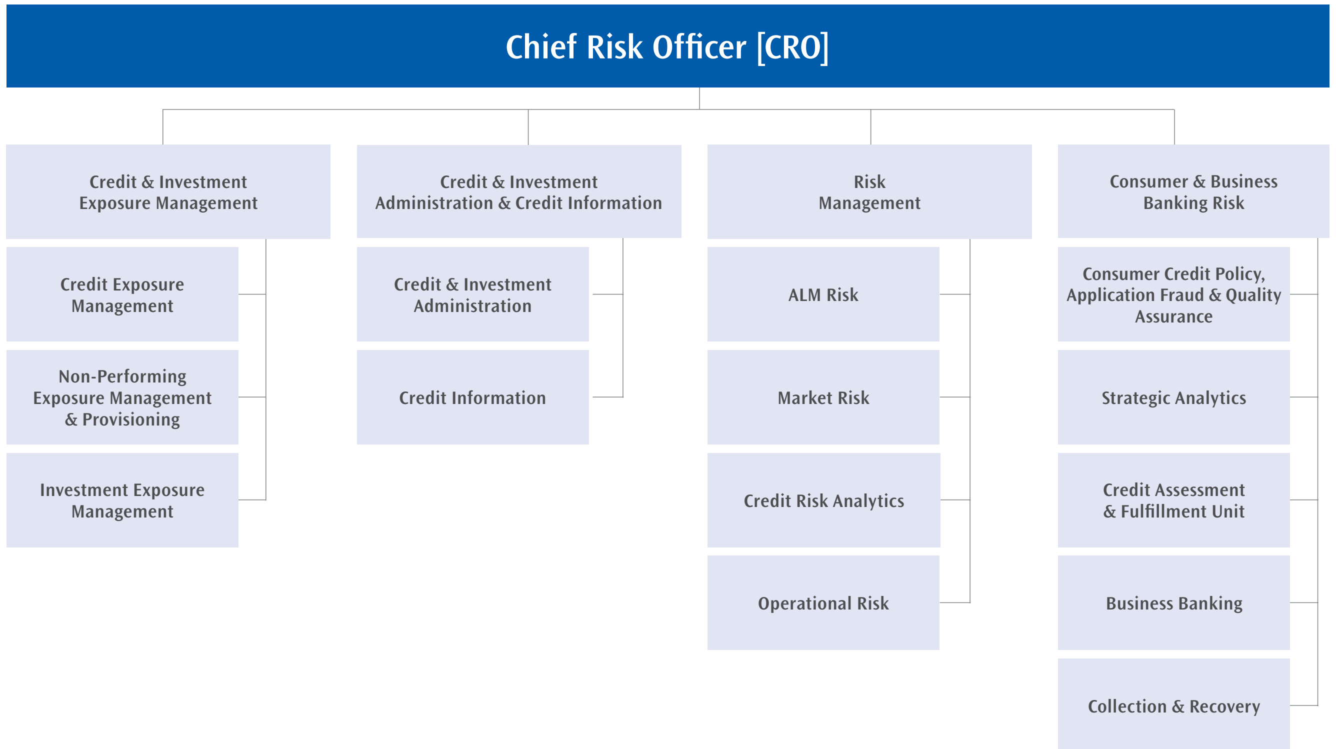
- Oversight of the enterprise risk management framework.
- Implementation of consistent risk management standards.
- Strong risk management culture awareness throughout the organization.

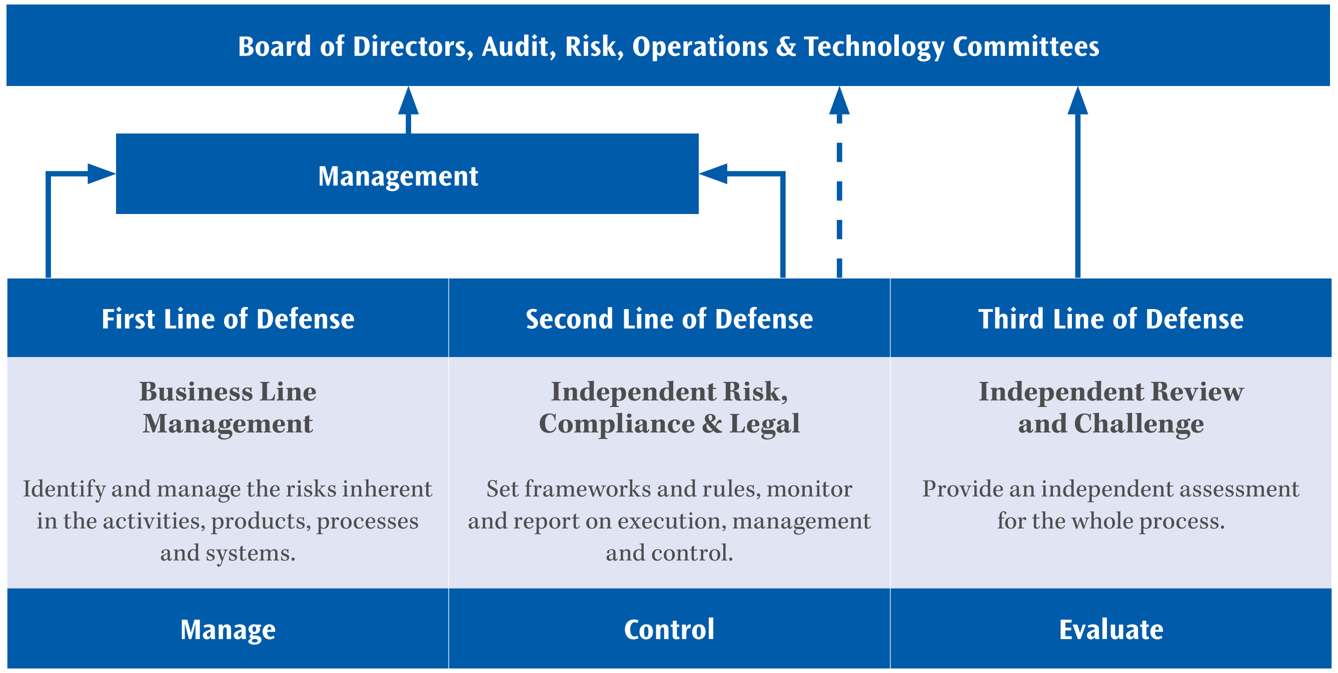
Overview

Our disciplined, integrated framework in managing risks continued in 2014, as the country began bouncing back to political and economic stability. The Bank continues to maintain its solid reputation as a market leader, serving clients efficiently and delivering strong results. Our robust framework provides assessments of the following risk types: credit, investment, market, operational, interest rate, liquidity and funding as well as social and environmental. CIB operates through a comprehensive risk management framework which was successful in providing oversight across the organization that aligns with our business strategy, ensuring the identification, measurement and control of material risks at all levels. All elements of the framework are integrated to achieve an appropriate balance between risk and return.

Objectives

- Provide independent risk analysis via measurement and monitoring processes that are closely aligned with the business and support Groups.
- Review business decisions, adjusted for risk, to optimize capital utilization and return on shareholders' value.
- Enhance social responsibility and sustainable business growth.
- Work on raising efficiency to reduce expected losses, while maintaining adequate impairments coverage.
- Maintain our risk profile in line with the Bank's risk strategy, and support our strategic management initiatives with a focus on balance sheet optimization.





Strategic Pillars

- ***Enterprise Risk Management (ERM)***
  Implement an enterprise risk management (ERM) framework with the elements of risk strategy/risk appetite, process, infrastructure, and environment.
- ***Principal Risks***
  Maintain focus on credit (institutional, consumer and business banking), investment, liquidity, market, interest rate, foreign exchange and operational risks as well as recognize and cover new principal risks, such as environmental and social responsibility risks, under the overall sustainability framework and support the implementation of the social and environmental management system (SEMS).
- ***Awareness***
  Educate the organization on the lines of defense model and all key risk initiatives in order to embed a robust risk culture.

Risk Framework

Enterprise Risk Management (ERM)

ERM is a framework designed to anticipate and analyze potential opportunities and threats that could affect the achievement of CIB's objectives. The framework is integral to the management and future direction of the Bank and will be structured, consistent, and continuous across the entire organization.

ERM will establish oversight, control and discipline to drive continuous improvements of CIB's risk management capabilities in a changing operating environment. It will further advance the maturity of the organization's capabilities around managing its priority risks. ERM includes identifying, assessing and reporting on strategic actions, human capital, compliance, operational, financial, and hazard-related exposures. These exposures include both, risks that might hinder CIB's attainment of its strategic goals and opportunities that could help the Bank achieve its strategic goals.

The Bank will use ERM as a competitive and innovative tool to effectively allocate economic and regulatory capital. When CIB accomplishes this, it will improve capital allocation through better understanding and management of risks, which can reduce the risk premium the markets would demand on valuation, leading to reduced volatility of earnings and increased long-term shareholders' value. Subsequently, the payoff for achieving an integrated view of risks is significant.

In order to benchmark CIB's ERM Framework, the Bank initiated a high level exploratory mission with European and North American peers in 2014. From the initial feedback, CIB is on track with the initial building blocks in place for the framework.

The following will be the key focus areas:

- ***ERM Governance:*** In 2014, the Board of Directors endorsed the framework and delegated oversight to the Board Audit and Risk Committees. The Board Committees will evaluate the progress of the framework in their planned meetings. The Chief Risk Officer (CRO) will lead and manage the implementation plan supported by key areas of the Bank.
- ***Infrastructure:*** A critical pillar of ERM, with the initial focus placed on the data management strategy, with a centralized and robust data foundation that enables straight-through processing and offers operational efficiencies.

With the enterprise data foundation, the Risk Group will leverage this into a robust technology platform, in order to generate forward-looking risk analytics.

- ***Process:*** Focus on both a quantitative and qualitative approach. The Bank's medium-term objective is to migrate from a silo measure of risk into an integrated quantitative and qualitative approach linked to risk versus reward.
- ***Environment:*** Focus on promoting a strong risk culture across the organization.

Culture

CIB's risk culture encourages transparency among employees and effective communication to facilitate alignment of business and risk strategies and promote an understanding of the prevailing risks throughout the organization. Integrity and reputation are embedded in CIB's risk culture, being key requirements to operate successfully. CIB continues to add learning opportunities and expand risk training across the organization to spread risk and internal control awareness, and ensure that the Bank's employees are well equipped to make decisions in a professional, ethical and consistent manner.

Principles

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

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

Governance

CIB's risk governance structure includes a robust committee structure and a comprehensive set of policies and operating guidelines that are approved by the Board of Directors. The Board of Directors, directly or in conjunction with the Board Committees, provides oversight of approval process, risk levels, key performance and risk indicators.

The CRO and other risk officers are key members of all credit, consumer, asset and liability management, and operational risk committees, who are responsible for the identification, assessment and reporting of all types of risks across all businesses.

- ***The High Lending and Investment Committee (HLIC)*** is an Executive Committee composed of senior executives of the Bank. Its primary mandate is to manage the assets side of the balance sheet; keeping an eye over assets allocation, quality and development while ensuring compliance with the Bank's credit and investment policies and the Central Bank of Egypt (CBE) directives and guidelines. The HLIC reviews and approves the Bank's credit facilities and equity investments while there are other Credit Committees responsible for approving different exposures, with limits lower than those approved by the HLIC.
- ***The 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.
- ***The Consumer Risk Committee's (CRC)*** 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 and the Business Banking Policy Guide, as approved by the Board of Directors.
- ***Operational Risk Committee's (ORC)*** objective is to oversee, approve and monitor all aspects pertaining to the Bank's compliance with the operational risk framework and regulatory requirements.

Risk Appetite

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

- Sound management of liquidity and funding risks.
- Strong capital adequacy.
- Stability of earnings.
- Social and environmental risks coverage.

As mentioned earlier, the Bank aligns business objectives with risk appetite and risk tolerance and quantifies them by earnings volatility, capital adequacy and stable funding, as the primary key risk indicators (KRIs) cascaded into risk tolerances by risk category and risk limits.

Based on the 2015 business strategy, the risk appetite statement remains the same with the objective being to continue having a moderate risk profile, as the risk appetite, risk tolerance, and risk tolerance per risk category (institutional banking credit risk, investment risk, consumer and business banking risks, liquidity, market, and operational, balance sheet and capital risks) parameters have not significantly changed. There are over 50 risk tolerance per risk category KRIs, which are monitored via the risk register, covering the major risk categories. By end of 2014, nine existing KRIs were changed, and twenty new KRIs were added to solidify the risk appetite framework.

> Our robust framework provides assessments of the following risk types: credit, investment, market, operational, interest rate, liquidity and funding as well as social and environmental.

Risk Appetite Annual Cycle

Limits and Policies

A robust system of risk limits and policies is fundamental to effective risk management and is guided by the risk appetite framework which is linked to business decisions and strategies. CIB has a comprehensive set of risk management policies, processes and procedures which are updated annually to be in line with the CBE regulations, the Bank's strategy framework and market dynamic requirements. CIB's policies, processes, and procedures are communicated throughout the organization and are used as a tool of control over the Bank's risks level and tolerance.

The risk and policy limits reviewed and approved by the Board of Directors cover the following categories:

- Credit, investment 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.

Monitoring

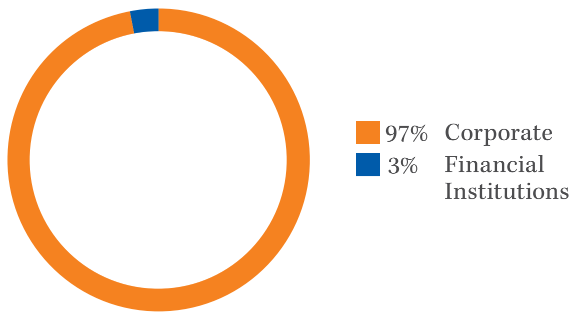
Enterprise-level risk monitoring, transparency and reporting are crucial components of CIB's framework and operating culture that ensure committees, senior management and the Board of Directors are effectively exercising their responsibilities. CIB has developed practices that are designed to monitor risk, ensure control measures are executed and complied with to make sure risks are assessed, monitored regularly, managed actively and minimized to practical levels, at both the transaction and portfolio levels.

Stress Testing

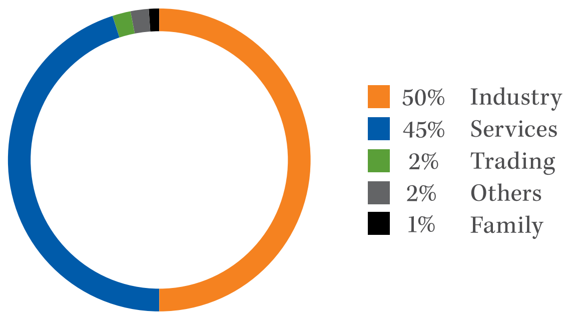
Stress testing is performed on a regular basis to assess the impact of a severe economic downturn on our risk profile and financial position. Our methodologies undergo regular scrutiny from internal experts to review whether they correctly capture the impact of a given stress scenario. CIB is working towards having an integrated stress testing approach, as a key component of the ERM framework.

Under the Risk Group, various risks are mainly managed by the Credit and Investment Exposure Management, Credit and Investment Administration, Credit Information, Consumer and Business Banking Risk and Risk Management Groups. These Groups actively monitor and review exposure to ensure a well-diversified and well-built portfolio in terms of capital adequacy and Basel regulations, customer base, diversification of geography, industry, tenor, currency and product.

IB Loan Portfolio – December 2014 By Line of Business



IB Loan Portfolio – December 2014 By Sector



Credit & Investment Exposure Management

The Credit and Investment Exposure Management (CIEM) Group's primary objective is to evaluate the Institutional Banking lending and investment portfolio, using qualitative and quantitative analysis to properly build a quality portfolio, enhance the Bank's seniority, establish adequate protection and control, in addition to a solid provisioning process to ensure portfolios are adequately covered.

Institutional Banking (IB) offers a full suite of products including Working Capital Loans, Term Loans, Syndicated loans and Contingent Facilities where lending to Corporate customers represents 97% of IB Portfolio mix with the majority being directed to the Manufacturing and Services sectors.

CIB's prudent risk scheme aided in the containment of loan losses and enabled the Bank to emerge from a volatile macro-economic credit environment since 2011 stronger than before. Furthermore, the successful navigation through the pitfalls of the 2014 stagnant market 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 CIB's high portfolio quality, enabled the Bank to maneuver safely through a difficult period, reflected in CIB's Default Ratio of 4.66% as of December 2014 compared to 3.96% in December 2013 coupled with Coverage Ratio of 138.16% in December 2014 compared to 158.82% in December 2013. On the Institutional Bank level, Default Ratio recorded 5.14% as of December 2014 compared to 4.31% in December 2013 coupled with Coverage Ratio of 142.37% in December 2014 compared to 165.83% in 2013.

	2012	2013	2014
Gross Loans (in EGP millions)	44,350	45,549	53,718
NPL (%)	3.63%	3.96%	4.66%
General Ratio (Direct Exposure only)	2.32%	3.72%	3.42%
Coverage Ratio	119.91%	158.82%	138.16%
Charge Offs to Date (in EGP millions)	2,057	2,155	2,182
Recoveries to Date (in EGP millions)	403	454	464
Recoveries to Date/ Charge-offs to Date	19.59%	21.07%	21.26%

Credit Risk Definition:

- Credit exposure is the total amount of credit extended to the borrower. The magnitude of credit exposure indicates the extent to which the Bank is exposed to the risk of loss in the event of the borrower's default. It can be measured on various levels, for example: obligor, Group, product, portfolio, customer type, industry, and country.
- The risk includes default in settlement of principal or interest, disruption to cash flows, increased collection costs or decline in counterparties' credit ratings. It arises in the Bank's lending, financial market and investment activities and all transactions where actual, contingent or potential claims are measured against any counterparty or obligor.

Types of Credit Risks Monitored by CIEM:

- Default Risk is the failure of meeting contractual payment obligations by the customer or counterparty.
- Business Risk is the possible changes in overall business conditions, such as market environment, client behavior or technological progress.
- Concentration Risk is the risk of concentration within and across counterparties, businesses, regions / countries, legal entities, industries, currencies, exposure duration or products.
- Country Risk is the risk of 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; or disruptive currency depreciation.

CIEM Objectives:

- Work closely with different levels across the organization and support Groups to properly monitor portfolios and operations in order to provide adequate risk analysis.
- Raise competencies to reduce expected losses, while maintaining satisfactory impairments coverage.
- Evaluate 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.

CIEM Principles:

- Credit risk management is part of the daily business activities and strategic planning to have an outstanding competitive advantage.
- Decision making is based on a clear understanding of the given risk, accompanied by prudent analysis to be approved within the applied risk management framework.
- Products and portfolios are structured, priced, approved, monitored and managed in compliance with internal and external policies and guidelines.
- Authorities are delegated in accordance with the overall Bank strategy and risk appetite.
- Business activities are conducted within established risk categories which are further cascaded down to limits whether obligor limitations, industry, country or counter party limits.

Main Measures and Monitoring Tools include:

- Internal Rating System; CIEM uses a comprehensive internal rating tool for all Institutional Banking borrowers. Moreover, analysis is done based on publicly available information along with in house analysis from peer comparisons, and industry research.
- Risk Adjusted Return on Capital (RAROC); various RAROC tools are used to complement credit assessments and quantitative/qualitative analysis.
- Past Due Obligations; CIEM continuously measures the exposures in terms of dues settlement. The exposure is contin-

FP & IDF-funded desert reclamation project uously monitored in order to detect problematic accounts. An obligation is considered past due if an amount due for interest or principle is not paid on maturity.

- Stress Testing; is used by CIEM as an additional safety tool to measure and monitor potential risks that may arise and may not be captured in the regular analysis. Such tests involve setting several scenario assumptions for the relevant macro-economic and market variables to assess the impact on borrowers.

Credit & Investment Administration / Credit Information

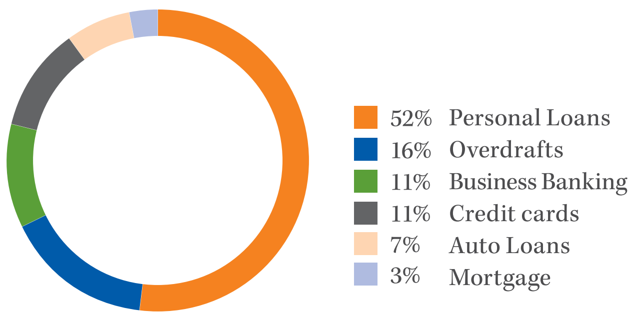
The Credit and Investment Administration function ensures administrative control over institutional and investment exposures as well as compliance with both the Credit Policy Guidelines and CBE directives. Credit and Investment Administration Department represents a strong back-up to the Institutional Banking Group by maintaining a quality control system that ensures CIB seniority, protection and control. Said system is processed through verification of assigned collateral and required documentation related to approved facilities prior to and post 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 and Business Banking clients, and is responsible for extracting all regulatory reports, in order to assist in the approval decision.

Consumer and Business Banking Risk

The Consumer and Business Banking Risk Group operates as an independent function, under the Risk Group's umbrella, managing the centralized risk for all Consumer and Business Banking asset products. Their main objective is to actively support the business growth and vision whilst ensuring sound quality of the portfolio.

Active Portfolio Concentration - Q4 2014



- The Consumer Banking Portfolio consists of an entire range of asset products including personal loans, credit cards, auto loans, real estate finance loans and overdrafts. The Business Banking segment, which has been one of CIB's strategic initiatives, offers a full suite of products including Working Capital Loans, Term Loans, Contingent Facilities and Product Programs tailored to meet the specific requirements of various sub-segments.

In 2014, several new programs and parameter changes were implemented to target new segments and increase the competitiveness amongst the market. As part of CIB's Corporate Social Responsibility, the Bank decided to participate in financing the low and middle income Residential Property Finance Program, as per the initiative introduced by the CBE.

The lending programs and decisions are guided by the Consumer Credit Policy Guide (CCPG) which is comprised of directives from the Board of Directors and serves as boundaries for the consumer lending. These form the basis for detailed product programs parameters with clear delegated authorities.

On the Business Banking side, the Risk team along with the Business team have focused on identifying new segments, sub-segments and implementing a simple product program approach addressing the needs of those segments and leveraging on the "Factory Approach". This approach involves implementing a straight through process depending on standardized criteria and a set of support packages and documentation which facilitate a simplified evaluation and a shorter turnaround time.

The Business Banking Risk Team has successfully partnered with the business to achieve portfolio growth while maintaining solid portfolio quality, within the guidelines set in the Business Banking Credit Policy Guide. This was achieved through periodic portfolio reviews, parameter changes, close monitoring and managing of the high-risk segments. Continuous amendments are done based on the findings from several channels including in-depth analysis to ensure that the Bank maintains portfolio performance.

The current Consumer and Business Banking Asset Portfolio stands at EGP 9.5 billion with an outstanding portfolio quality reflected in the loss rate of 0.3% in December 2014. This has allowed CIB to focus on the high yield segment, thus increasing the profitability of the portfolio, which was complemented by the implementation of new parameters that ensure a diversified risk exposure and restrict excessive concentration to mitigate the impact of any unforeseen trend.

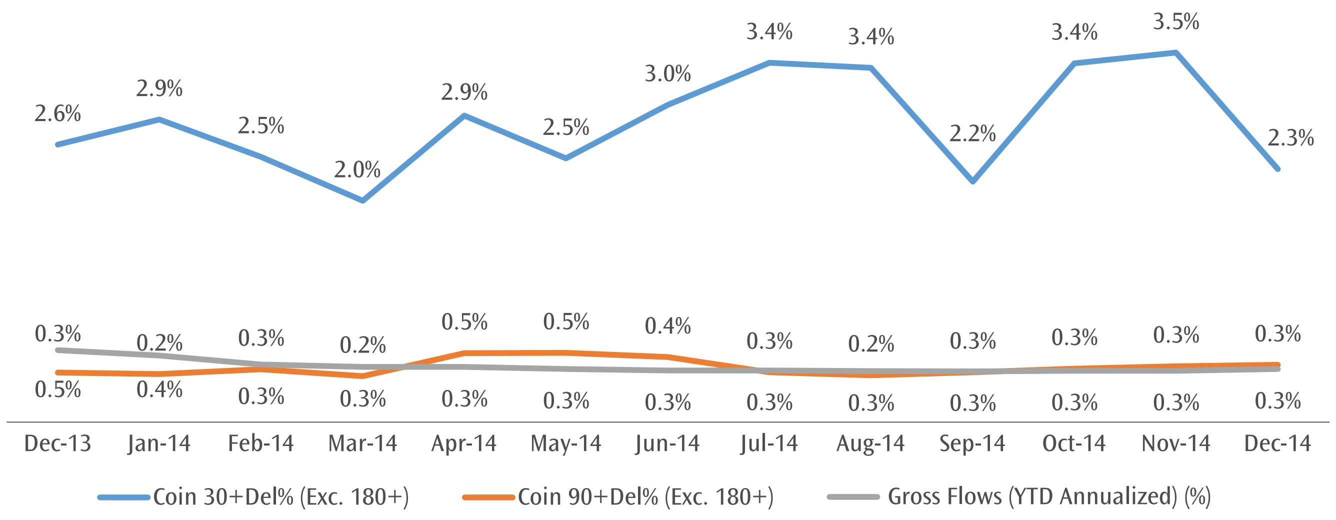
The Consumer Asset Portfolio has shown strong growth throughout the year with an increase of EGP 2.3 billion, representing a growth rate of 32%. This growth was a result of the improved political and economic stability in the country, which allowed the Bank to introduce new programs, parameter changes and test new segments that gave the Bank an edge in the market. There has been an increased focus on unsecured lending to reach 41% of the sourcing, given the launching of several new programs to successfully move towards a strategic change in the mix of CIB's portfolio towards the more profitable unsecured lending.

The portfolio quality has been sustained ensuring advanced portfolio management techniques through the monitoring of all current and historical programs performance that helps in the identification of the potential growth segments and in triggering of early warning signals.

The Consumer and Business Banking Risk Group continues to emphasize on achieving growth based on data driven decisions with predictive consumer life cycle examination which is managed through a robust analytics unit along with continuous review and refinement of our underwriting process and collection strategies to meet the challenges imposed by the environment.

The Consumer and Business Banking Risk Group continues to emphasize on achieving growth based on data driven decisions with predictive consumer life cycle examination.

Total Portfolio Delinquency



Risk Management Department

The Risk Management Department (RMD) identifies, measures, monitors and controls the Asset and Liability Management (ALM), market and operational risks 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 the 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 to manage liquidity risk, taking into account the Bank's risk profile, risk appetite as well as market and macroeconomic conditions. This covers the identification, measurement, evaluation, monitoring, reporting and control of liquidity risk over an appropriate set of time horizons.

Main Measures and Monitoring Tools include:

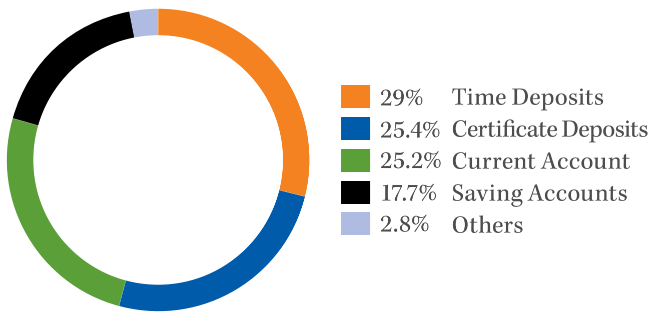
- Regulatory and Internal Liquidity Ratios
- Liquidity Gaps
- Basel Liquidity Ratios
- Minimum Liquidity Guidelines (MLG)
- Funding Base Concentration

In 2014, CIB continued to strengthen the balance sheet through ensuring that funding sources are mainly driven by deposit base with no reliance on wholesale funding. Diversification of the Bank's deposit base enables us to continue supporting our customers' needs and maintaining appropriate concentration risk levels.

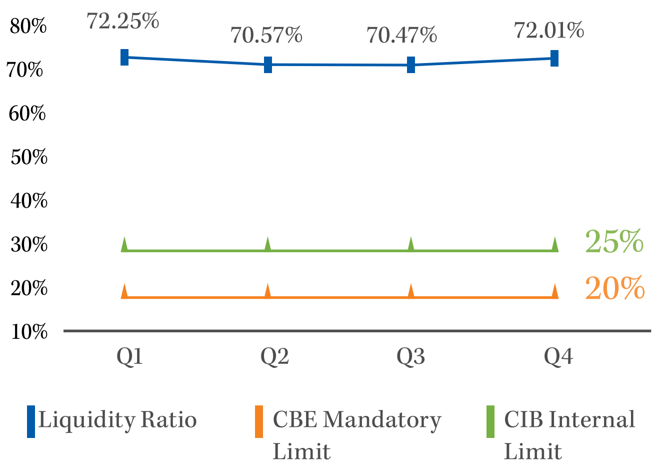
2014	Q1	Q2	Q3	Q4
Percentage of Deposit Base to Total Funding Base	99.2%	99.5%	98.7%	99.1%

The Bank maintained a prudent liquidity position with both LCY and FCY liquidity ratios above regulatory and internal targets. This supports growth opportunities, benefiting from steady inflows of customer deposits, in addition to complying to Basel III Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

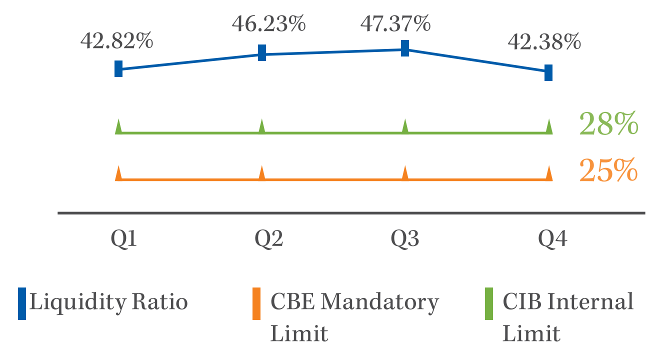
Deposit Base Concentration - December 2014



LCY Liquidity Ratio



FCY Liquidity Ratio



Liquidity stress testing is conducted to assess and simulate the Bank's ability to survive under sudden and unexpected run-off in a survival horizon of 30 days. Different scenarios are designed and assumed to cover both the Bank specific as well as the possible systemic stress events. Liquidity Stress Scenarios are regularly updated according to the changes in the economic environment. Throughout the year, the stress testing scenarios (specific and systemic) showed no immediate action required in the Contingency Funding Plan (CFP), as we have ample liquid assets.

Interest Rate Risk is the potential loss from unexpected changes in interest rates, which can significantly alter the Bank's profitability. Interest rate risk primarily arises from the re-pricing maturity structure of interest-sensitive assets and liabilities and off-balance sheet instruments. The measurement process includes all material interest rate positions of the Bank and considers all relevant re-pricing and maturity data.

CIB uses complementary technical approaches to measure and control interest rate risk including:

- Interest Maturity Gaps
- Earnings at Risk (EaR)
- Duration of Equity(DOE)

In 2014, the balance sheet was strategically positioned to benefit from the interest rate environment and CIB proactively managed this sensitivity to safeguard against adverse shocks.

CIB uses ***Earnings at Risk (EaR)*** for measuring the sensitivity of various adverse changes in interest rates levels, to identify the potential impacts associated with interest rate risk, showing the impact on the Bank's forecasted consolidated net interest income over the following 12 months.

Furthermore, CIB measures the total Interest Rate sensitivity of 1% parallel shift in all currencies versus the Bank's Capital Base (Tier 1 and Tier 2) through calculating the Duration of Equity (DOE).

Market Risk is the exposure to adverse movements in market prices of trading book positions including interest rates, foreign exchange and equity as well as the changes in the correlations and volatility levels between these risk factors. The Bank is using various techniques to monitor and control market risk. These include exposure, stop loss and Value at Risk (VaR) limits. The limits are set by considering both the risk appetite of the Bank as well as the projected business plan.

The Bank primarily uses VaR for capturing the market risk in its trading book. VaR is defined as the worst case loss predicted at a specific confidence level over a certain period of time. As the Bank's Trading Book portfolio includes linear level 1 assets, the Variance-Covariance approach is used for measuring VaR, using a 95% confidence level and one day holding period.

95% 1-day	Minimum	Average	Maximum
Trading Book VaR	8.8	12.5	18.8

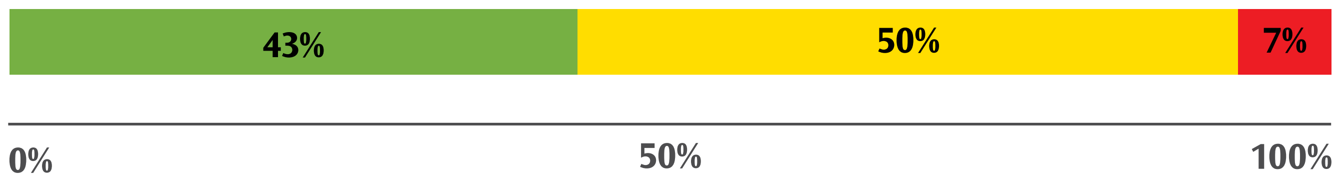
95% 1-day	Q1	Q2	Q3	Q4
Trading Book VaR	12.1	8.8	14.2	11.5

In order to check the integrity and the accuracy of the VaR model, the Bank performs daily backtesting to compare between the trading results (P&L) and the model generated risk measure (VaR).

The Bank also calculates the Stress Value at Risk (SVaR) on a daily basis. Stress tests are designed to estimate the potential economic losses in abnormal markets. Stress testing combined with VaR gives a more comprehensive view of market risk. SVaR is calculated using the maximum volatility levels witnessed in the observation period and estimated at 95% confidence level with a one day holding period. Furthermore, monthly SVaR is estimated by considering the extreme historical events to assess the ability of the Bank to survive under possible stress events.

Operational Risk loss results from inadequate or failed internal processes, people and systems or from external events. CIB maintains a comprehensive operational risk framework, policies and processes designed to provide a sound and well-controlled environment. The framework uses the following approaches to measure and control operational risk:

Operational Risk Heat Map for 2014



Green: Represents Low Frequency & Low Severity, Yellow: Represents Medium Frequency & Medium Severity, Red: Represents High & Catastrophic Frequency & Severity.

- Loss Events Database: Includes the operational risk events collected from concerned parties in the Bank and all their related details.
- Risk and Control Self-Assessment (RCSA): The identification of operational risks and controls effectiveness of each unit and related assessments with operational risk management validation of processes, risks categories, controls assessments and assessments and implementation of action plans and processes and their related tracking and testing. The outcome of the RCSA exercise is the risk heat map report which represents the residual risk assessment that evaluates the adequacy and effectiveness of the controls.
- Residual Risk Assessment is represented by the risk heat map report, which considers both the risks and the related response mechanisms and control activities which are in place to determine the impact and the probability of their occurrence. Assessment of a specific department processes is based on the likelihood of occurrence and the significance of impact.
- Key Risk Indicators (KRIs): Implementation and monitoring of indicators and their results, and assisting the concerned parties on identified issues and gaps for KRIs above threshold.
- Procedures and Products Revision and Approval: Applies to the Bank's standard operating procedures, products, internal processes and new business initiatives. Procedures and products revision and approval results in proposals on risk mitigating actions and the acceptance of remaining risks.
- Outsourcing Essential Activities Contracts Review: the identification and assessment of risks arising from outsourced services, as well as their related controls protecting the Bank's rights, identifying the gaps and implementing action plans.

After fulfilling the operational risk action points, 43% of the assessments were green, 50% were yellow and 7% were red, which declined from 8% pre-implementation of ORM action plans.

2014 Achievements

- Board of Directors endorsed the ERM framework and delegated oversight to the Board Audit and Risk Committees.
- Enhancement of the risk appetite framework by adding new key risk indicators (KRI) for all risk categories.
- Enhancement of the operational risk management framework initiated by the champions program which represents the communication channel between operational risk management (ORM) and the Bank's various departments.
- Initiation of Social and Environmental Management System (SEMS) and conducted training in preparation for the adoption of the Equator Principles (EP).
- Adoption of a new approach to target certain segments leveraging on the "Factory Approach" through tailored product programs, while launching new programs which are expected to further boost the Consumer and Business Banking portfolio growth.
- Launching the low and middle income mortgage schemes in line with the CBE country-wide initiative, in addition to revamping the policy program to cater for the growth.
- Continuous spreading of awareness and understanding through extensive training spanning consumer credit, business banking and operational risk and encouraged continuous learning led by our Risk Group professionals through designing and offering educational training programs.
- Consumer Credit Policy Unit partnered with the business team to enhance products' development in order to drive unsecured portfolio growth through the launching of multiple programs, tests and campaigns to facilitate the aggressive growth
- Consumer Underwriting Unit continued its endeavors to focus on turnaround time and service quality for customers. This was improved through multiple re-engineering initiatives that were implemented.
- Enhanced Collections infrastructure and strategies were put in place to meet new challenges and growth aspiration for the medium term, which was reflected in our portfolio quality.
- Advanced forecasting models and emphasis on behavioral analysis were initiated to further enhance the risk ability to support business.

COMPLIANCE

The Policies and Procedures Division ensures the Bank's compliance with policies, regulations, laws and procedures to manage and assess compliance risks including regulatory, legal and fraud risks.

In 2014 the division focused on coordinating with Internal Audit and Risk Management to align control effectiveness together with business to achieve the Bank's strategy within the agreed upon risk appetite.

The Complaints Division was established in 2010 and is responsible for investigating high level complaints received from CBE and the Chairman's office. The department investigates the root causes of such complaints in order to initiate remedial action. The division coordinates with the Customer Care Unit which is in charge of all customer complaints.

The division's goal in 2015 remains to address customer complaints, improve processes and enhance staff awareness by introducing e-learning.

The Anti-Money Laundering and Terrorism Financing (AML) Division is directly involved in monitoring transactions, customer account behavior, and screening transactions against negative lists and those related to sanctioned countries to avoid the Bank's involvement and guard it against money laundering and terrorism financing crimes.

In 2014, the division focused on enhancing staff AML knowledge and provided special training as well as awareness sessions across all levels and areas of the Bank.

By the end of 2015, a fully implemented AML automated monitoring solution will be established in order to apply a comprehensive risk based approach. Implementation of the executive regulations of the recent amendments in the AML law will also be the focus of the division in order to ensure full compliance.

In order to be FATCA (Foreign Account Tax Compliance Act) compliant, CIB registered as a Participating Foreign Financial Institution with the United States Internal Revenue Service (IRS).

Its first phase of implementation for Individual clients began on 1 July of this year, with the second phase covering entities and institutions to being on 15 January.

As part of the Bank's Enterprise Risk Management framework, CIB will focus on one of its main components, Conduct Risk, which is the risk of customer detriment and subsequent damage to the reputation of the firm and to the achievement of its strategic objectives.

Green walls are a part of CIB's initiative to reduce CO_2 emissions

INTERNAL AUDIT

The Internal Audit Group issues independent, objective assurance reports through the evaluation of the adequacy and effectiveness of internal control, risk management and corporate governance.

The independence of the Internal Audit department is realized by reporting functionally to Board Audit Committee and administratively to the Chairman of the Bank.

During fiscal year 2014, Internal Audit continued implementing its Business Partners approach, serving the Board of Directors and Bank management. This was witnessed in the increased number of consulting engagements rendered by Internal Audit Group, which used 15% of the Internal Audit available man/day.

In addition, the Internal Audit Group participated as a non-voting member in the majority of the Bank's strategic committees, sharing Internal Audit's views regarding risk and control.

Internal Audit Group continued its activities under the comprehensive risk based audit approach, expressed in the three-year audit plan that incorporates CIB business strategy and covers all banking segments.

Complying with Institute of Internal Auditors (IIA) standards is a central theme of the Bank's Audit processes. To ensure ongoing compliance with IIA standards, the Audit Committee approved the appointment of one of the leading four Audit firms to assess CIB Internal Audit in the quality assurance process and its Audit team. The assessment program will start in the beginning of 2015.

Training

The Audit Committee and IAG management support the continuing education and comprehensive training of Internal Audit staff.

- Currently 45% of IAG staff are certified auditors (CIA, CBA, CPA, CISA).
- In addition, an ongoing exchange of experiences is demonstrated in conducting visits to multinational financial institutions and holding in-house knowledge transfer sessions attended by members of the Internal Audit Group.

Other activities of CIB Internal Audit teams have added value to the efficient delivery of Bank services. Internal Audit conducted 15 audit engagements during 2014 which were end-to-end to cover the whole cycle of each function in the audited unit. This resulted in 139 recommendations regarding risk exposure, internal control and service quality. These recommendations were overseen by Bank management and implemented by business owners, and were followed up by visits from the Audit teams. Fully 60% of the recommendations were properly resolved and the applicable target dates have been set for the other outstanding issues.

STRATEGIC SUBSIDIARIES

CI CAPITAL HOLDING

CI Capital Holding ("CI Capital" or the "Group") is a leading Egyptian investment banking, securities, and investment management firm, wholly owned by CIB. Through its headquarters in Cairo and representative office in New York, CI Capital offers a wide range of financial services to a diversified client base that includes individuals, high net worth and institutional investors and corporate clients. The Group offers its services across five business lines: securities brokerage, equity research, asset management, and investment banking advisory, private equity and custody.

The Group's investment banking arm is the #1 ranked advisor in Egypt, having successfully executed EGP 90 billion in transactions since inception, with more than EGP 60 billion executed since the beginning of 2013. The company advises on mergers & acquisitions, private and public equity and debt capital raising, and financial restructures.

The securities brokerage arm is a market-leading brokerage house in Egypt; currently ranked #2 on the Egyptian Exchange. It is complemented by an industry-leading research platform covering 59 companies across 11 sectors in 6 markets, with top-tier analysts ranked #9 worldwide in MENA Research by the 2014 Extel Survey, #2 in the MENA region, and #1 in Egypt. In January 2014, CI Capital hosted one of the largest Egypt-focused investor conferences in London and New York.

The asset management division manages fixed income, money market and equity products, with AUM in excess of EGP 8.7 billion. The division managed to position itself as a top quartile asset manager in all of its types of funds and portfolios. The division manages [eight] diverse funds and provides portfolio management services to a wide client base, and offers discretionary services to high net worth individuals and institutional investors. Clients are provided with comprehensive personalized services tailored to their investment and reporting requirements. The asset management team has always been at the forefront of innovation, launching Egypt's first one-year open-ended capital-protected fund and first-ever Shari'ah-compliant fund.

During 2014, CI Capital announced the launch of its first private equity fund, the USD 300 million Egypt Opportunities Fund in partnership with the DUET Group.

CI Capital has been recognized as the "Best Investment Bank in Egypt" by Global Finance in 2014, and by EMEA Finance in 2013 and 2014.

2014 Review

Securities Brokerage

- In order to better compartmentalize tasks and protect the interest of each segment, CI Capital's securities brokerage arm is comprised of two companies: Dynamic Securities, which caters to local individual investors; and CIBC, which services large-holding investors.
- Over the past two years, the division has diversified its institutional client base to encompass the majority of foreign and GCC institutions operating in the MENA region in addition to a wide clientele base of high net worth individuals and family offices.
- CIBC managed to grow its market share of foreign participation in the Egyptian Stock Market at a CAGR of 40% during the period 2012-2014, taking it from an average share of foreign flow of 17.6% in 2012 to 35% in 2014 (a growth rate surpassing all other MENA-based brokers).
- Such a growth story is supported by adept sales and trading teams of c. 200 employees with an average of 10 years of experience in MENA capital markets.
- The firm's trading platform facilitates trading activity in Egypt and most recently, Oman, where the firm has successfully established on-the-ground presence by acquiring 51% of International Financial Company, a local broker in Muscat. CIBC will capitalize on this acquisition to facilitate trading in Omani equities as well as other GCC and international equities.
- Furthermore, CIBC and CI Capital Research divisions collaborate to provide their clients with unrivalled corporate access through corporate roadshows, reverse roadshows, country visits, and investor/analyst con-

Rooftop gardens have been built at a number of CIB branches in Cairo to help reduce CO_2 emissions

> **CI Capital has been recognized as the "Best Investment Bank in Egypt" by Global Finance in 2014, and by EMEA Finance in 2013 and 2014.**

ference calls. In 2014, the divisions organized four corporate roadshows to the UK, USA, and GCC, 10 analyst roadshows to the UK, USA, and GCC, and more than 17 client visits to Egypt meeting with top officials of Egyptian corporation, businessmen, and policy makers.

- Finally, CI Capital's Third Annual Egypt Conference in January 2015 spanned three cities, Cairo, London, and New York, and hosted 35 publicly-listed Egyptian corporations. The 188 representatives of the 110 foreign and MENA investment institutions in attendance are responsible for Assets Under Management exceeding USD 5 trillion.

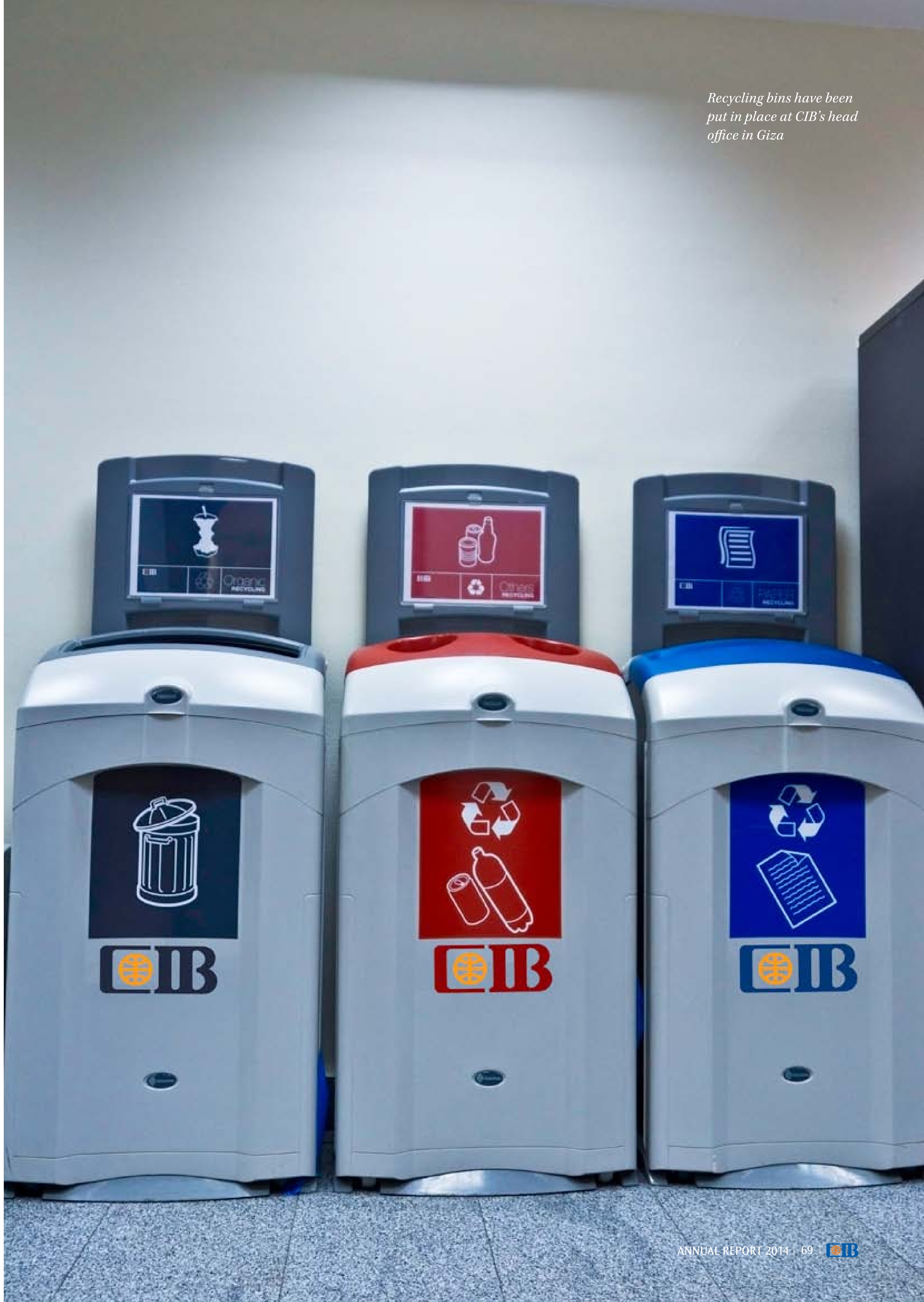
Asset Management:

- CIAM was awarded the "Best Asset Manager in Egypt" by Global Investor for the fifth consecutive year.
- Finalized the launch of CIB Balanced Fund, an open-ended fund with an initial size of EGP 100 million.
- New cash injection into equity portfolio business amounted c. EGP 160 million.
- Launched Arope Money Market Fund, an open- ended fund with an initial size of EGP 100 million.
- CIB Equity Fund Estithmar and its Shari'ah-compliant fund, Aman, were ranked among the top quartile funds in their equity funds categories. Estithmar was ranked first amongst 25 equity funds in 2014 and ranked second for the previous 12 months performance (as per the latest EIMA quarterly bulletin – FY14).
- Blom Money Market Fund was ranked among the top quartile money market funds in the Egyptian market for the fourth year in a row.
- Osoul Money Market Fund remains the best-performing money market fund relative to its peers in size.

Investment Banking

- CI Capital Investment Banking acted as Global Coordinator and Bookrunner on the USD 110 million IPO of Arabian Cement Company, the first IPO on the Egyptian Exchange since the 25 January 2011 Revolution. The highly successful global offering was 13.4x oversubscribed, generating significant interest from international investors (which represented >65% of total demand). Since the IPO, the stock has performed strongly, gaining >50% above the offering price (as of year-end 2014).
- CI Capital Investment Banking successfully advised Actis, a leading global private equity firm that manages in excess of USD 5.0 billion in emerging markets, as Exclusive Sell-Side Advisor on the divestiture of their stake in CIB, Egypt's leading private sector bank. The USD 420 million deal represents the largest book-building transaction on the Egyptian Exchange since 2005, and one of the largest M&A deals in Egypt during 2014. The stake was sold exclusively to a group of global institutional investors from the US, Europe, and the Gulf, including Fairfax Financial Holding, the Canadian insurance company.
- CI Capital Investment Banking acted as Exclusive Buy Side Advisor to global private equity player Ripplewood on its acquisition of a minority stake in SODIC, a leading real estate developer listed on the Egyptian Exchange (OCDI.CA). The EGP 210 million transaction was executed in May 2014.
- CI Capital Investment Banking acted as Joint Lead Manager on SODIC's EGP 1 billion rights issue. The highly successful offering was 99% subscribed from the first round.

cicapital.com.eg



Recycling bins have been put in place at CIB's head office in Giza

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 periodically evaluated 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.

2014 Accomplishments

Despite the turbulence that rocked both the region in general and Egypt's economy, in particular over the past four years, along with the global economic unease, Egypt Factors has succeeded in maintaining its market position.

According to Factors Chain International (FCI) statistics, EGF has, for the sixth 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.

egyptfactors.com

COMMERCIAL INTERNATIONAL LIFE INSURANCE COMPANY (CIL)

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 bancassurance sales model. The company has risen to become one of the largest players in the Egyptian life insurance industry, winning the Most Innovative Insurer in the MENA Insurance Awards for 2014.

2014 Performance

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

Currently, CIL provides insurance benefits for 63,836 individual clients and 356,266 employees. CIL Insurance benefits vary from savings and protection packages catering to different life events to more complex pension and life insurance benefits for employees in coordination with their respective employers.

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.

cileg.com || Hotline: 16245

CORPORATE LEASING COMPANY (EGYPT) SAE – CORPLEASE

CORPLEASE is one of the three leading financial leasing companies in Egypt; it has been successfully operating in the Egyptian leasing market since 2004. The company provides leasing products and services tailored to meet corporate capital expenditure needs for a wide variety of assets, which includes commercial real estate, equipment financing, plant and machinery financing, transportation assets, systems & IT, office equipment and fleet management. CORPLEASE has a strong nationwide presence through its offices in Cairo, Alexandria, Mansoura, Assiut, Hurghada and Suez. Furthermore, the company established CORPLEASE Emirates, its fully-owned regional subsidiary in the GCC located at Dubai International Financial Center (DIFC). CORPLEASE Emirates extends lease finance services in local and foreign currency to the UAE business community.

In 2014, CORPLEASE once again continued to strengthen its market position with a balanced and healthy portfolio, by placing significant emphasis on the soundness of each individual credit story and overall portfolio risk diversification measures. Despite the challenging economic environment, CORPLEASE achieved a robust financial performance during 2014, increasing its lease booking volumes compared to 2013. The company continues to enjoy a strong financial position with favorable coverage, liquidity, capitalization and funding ratios, making it well -positioned for future growth.

CORPLEASE seeks to bolster economic development while maintaining the progressive growth rate of the company, by providing lease financing to SMEs and large enterprises in the most efficient and effective manner. The company's system and procedures are designed to place its clients at the heart of its business, through developing an efficient and professionally trained human resource that implements the best practices and solutions in the leasing market.

corplease.com.eg || Hotline 19490

FALCON GROUP

FALCON GROUP
Where it all comes together

Falcon Group is an Egyptian joint venture between CIB, the CIB Employees Fund, Al-Ahly for Marketing, and other private entities. CIB owns 40% of the Group, while other shareholders own the remainder.

Falcon Group provides all types of Security Services such as; private security, premises protection, cash In Transit, Electronic Security System Solutions, General and Facility Management Services, and Touristic and Governmental Concierge Service. Falcon Group has been the main security service provider to a number of top-tier government and non-government organizations such as the United Nations offices and number of embassies in Egypt. Falcon Group operates in over 1,200 locations in all market segments through its branches in Egypt and controlled by the Central Operation Room 24 hours a day, seven days a week.

In addition to being ISO 9001 & 9002 certified, the Group received the Knight Award by the ISO association in the UAE in 2013.

Achievements &Accomplishments in 2014

Falcon increased its issued capital in 2014 from EGP 10 million to EGP 30 million, and realized an average increase on assets of over 32%. As of December 2014, the Group achieved consolidated revenues of EGP 235 million.

Operationally, 2014 was a milestone year for Falcon Group, as the company was selected to provide security services and security electronic systems to the El Sisi presidential campaign. Furthermore, the company signed a contract with the Ministry of Higher Education to provide 12 universities with security electronic systems and security guards and supervisors, which boosted Falcon's visibility and standing in the private security sector.

This year also witnessed Falcon strengthen its presence in the tourism sector, as it added seven hotels in Sharm El Shiekh and on the North Coast to its roster of clients, in addition to securing many tours in Cairo. The group aims to make further inroads and new deals with additional touristic companies.

Once the security ban on football attendance was lifted, Falcon was once again contracted to provide security services for Egyptian National Team during international games.

New service lines launched in 2014 include the Backup & Emergency Service that strengthened operations in the field of static protection field.

Concerning Money Transfer Services, the Group augmented its armored vehicles fleet, boosting the number of armored vehicles to 113. Moreover, revenues for this line of business grew 46% year-on-year.

Falcon started the soft opening of the New Cash Centre in New Cairo in October 2014 which will be the cornerstone for developing new services for banking institutions.

Improved performance of the Audit and Inspection cycle, and other customer-care processes helped reduce service problems and allowed Falcon to achieve an 80% customer satisfaction rate in 2014, a 6% increase over customer satisfaction figures in 2013.

Falcon Group renewed its (SLA) for Concierge Services with CIB Wealth Segment and signed a new SLA for Concierge Services with CIB Non-Resident Egyptians Business Consumer Banking.

Forward Strategy

Falcon's goal in 2015 is to increase its client portfolio, specifically targeting banks and other financial institutions, governmental bodies, tourism facilities, and the construction sector.

The company's marketing plan for 2015 seeks to upgrade and develop our lines of services, especially the Touristic and Governmental Concierge Services, as a means of bolstering our position in the market.

Falcon for Money Transfer plans to develop and renovate four branches to include small cash centers in Mansoura, Tanta, Alexandria and Assiut. Furthermore, Falcon Tech is cooperating with the Ministry of Interior to equip and install CCTV surveillance systems in main and vital squares across all governorates. Finally, Falcon for Security Services is planning to open a Certified Security Training Academy.

To read more about Falcon Group, its projects and how to hire us, please visit

falcongroupinternational.org || Hotline: 19561

To meet with one of our representatives in person please do not hesitate to visit our corporate offices, located at 417, Road 90, by Future University.

CIB client, OHD's flagship project El Gouna is aiming to become Egypt and Africa's first carbon neutral city

SUSTAINABLITY AT CIB

WHAT EGYPT NEEDS NOW IS SUSTAINABLE GROWTH

Dr Nadia Makram Ebeid
CIB Board Member and Member of the CIB Foundation's Board of Trustees

> The unique thing about CIBians is that they are hard-nosed bankers, and yet they never lose sight of the human face and the society and environment in which they live and love.

"Banks are influential! With influence comes responsibility," says CIB Board Member, Nadia Makram Ebeid. "At CIB responsibility is something that we never shy away from. The bank is firmly committed to pursuing a longer term, perceptive vision of the future, rooted in operational integrity, accountability and inclusion in all aspects of its day-to-day business."

As Egypt's first Minister of the Environment, a post that she held for five years, and as the present Executive Director of the Center for Environment and Development for the Arab Region and Europe (CEDARE), Ebeid's many contributions in the area of sustainability are a testament to her genuine belief that nature and business make ideal partners.

"Preserving the environment is a strong cornerstone in advancing the country's sustainable economic growth and is a shared duty of every corporation and individual in Egypt. We cannot grow and prosper on a bankrupt environment!"

As both a CIB Board Member and member of the CIB Foundation's Board of Trustees, Ebeid has championed the bank's role as one of Egypt's leading advocates of sustainability.

"Sustainability is the advancement of responsible business and rewarding investments within a structured, balanced, steady, participatory and durable approach. It is about embedding a progressive culture and mindset into the very fabric of the bank, one that considers economic, social, environmental and governance implications within all aspects of the business."

"Launching CIB's promising sustainability initiative about two years ago was CIB's Chairman, Hisham Ezz Al-Arab's idea. I am simply proud to be a member of this remarkable team, along with all the young "CIBians" who have eagerly jumped on board with the various creative initiatives that the bank continues to undertake," says Ebeid. "Seeing this kind of growing enthusiasm on the part of our radiant younger employees continues to be a true inspiration."

According to Ebeid, the central aspiration of the bank is to strike a sound balance between the strategic goal of profitability and the equally important challenge of meeting the broader socioeconomic and environmental needs of Egypt; the backbone of any sustainable success and distinction.

"We owe it to our country and to future generations to behave in a responsible and honorable manner," said Ebeid.

The former Environment Minister has remained active after leaving her government post by spearheading numerous sustainability initiatives and is fully cognizant of the fact that tangible down-to-earth results are ultimately what really matter.

"Wishful rhetoric may sound good, but actions always speak louder than words! CIB is known to "lead by example" and this is one of the things that differentiates us from other organizations. It is my sincere hope that all of Egypt jumps on board with what we are doing. This is not a short-sighted vision for tomorrow, it is what we all have to consistently strive for as a society."

Having worked in both the public and private sectors, Ebeid feels that while matters can sometimes be done quicker with the private sector, the success or failure of a project depends on a clear vision, progressive management and how well you can engage with people to create a positive spirit of teamwork.

"The 5,000-plus staff of CIB are refreshingly inspirational. Throughout the bank we have what we call sustainability ambassadors who are responsible for spreading awareness and promoting knowledge-sharing. Thus far we have about 70 (and counting) of these young volunteers who are being trained on how to interact with their fellow employees to anchor a bank-wide sustainability mindset and culture in CIB. The basic message they are delivering is that people must take into account the impact of their actions."

This budding initiative has already started making concrete achievements on several fronts (read more in the sustainability section of this report on pg. 86), but why should this matter to the bank's clients, shareholders and employees? According to Ebeid, there are significant benefits for all stakeholders, including higher productivity, improved health conditions, cost savings and increased competitiveness, all of which have a positive impact on the bank's bottom line and revenue growth, with a healthy ripple effect. Success breeds success!

"When you couple those benefits with the positive public perception of the bank as a responsible corporate citizen, it is obvious that there is both economic and social value in what we are doing. I also believe that the timing of our initiative could not be better as, for example, renewable and alternative energy solutions are now at the forefront of Egypt's national agenda, and CIB is always there."

"While we are still at the beginning of our journey we already have a success story to share. The bank has launched an energy efficiency program which includes installing LED lighting in all our branches resulting in a cost saving of EGP 3 million in 2014 and that is just for one branch. In 2015 we expect the savings to increase exponentially as we rollout LED lighting to 162 branches.

"In 2015 we will also be launching our tailor-made Social and Environmental Management System (SEMS), to identify and quantify environmental and social risks, and to avoid exposure to detrimental risks. Prevention is better than cure!"

"I am delighted that sustainability is now part and parcel of CIB's vision and mission statements. Every member of the business community, not just government, needs to help create a more favorable investment climate. Establishing an investment environment that is more conducive to responsible business is also part of that process."

"The unique thing about CIBians is that they are hard-nosed bankers, and yet they never lose sight of the human face and the society and environment in which they live and love. As the Chairman always says, they are the real driving force behind the work we do. The simple fact that our devoted staff identifies itself as "CIBians" is proof that they are proud of who they are and what they stand for. They are all committed professionals who take their work very seriously. We also have an exceptional Chairman who has a steady hand on the wheel and a terrific Board of Directors who are firmly behind our sustainability initiatives. We are all part of CIB's invigorating "can-do-spirit!"

CORPORATE GOVERNANCE

We at CIB strongly believe that the concrete principles of corporate governance are the crucial factor not only to gain investors' valued trust, but also to sustain it. Based on this belief, our Bank has been following numerous codes derived from the core of corporate governance for a long time. In fact, the foundations of good governance had been laid out in CIB long ago, and it became the framework for which our five-year plan revolves around.

Striving for the best interests of our shareholders guides everything we do at CIB, and we have therefore established a sound reporting system that ensures dissemination of material information in a timely, transparent and accurate manner. The Bank continues its mandate in creating value for its shareholders; something that we are firmly committed to doing at present, and in the future.

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

A successful board of directors is one that ensures the organization is being run effectively by the right people today, and that tomorrow's generation is competent enough and ready to take the lead. CIB is privileged with its renowned Board of Directors; the ultimate decision-making body of the Bank. We consider our Board to be one of our key assets and a vital point of strength. The Board realizes that taking the responsibility of addressing any stakeholder's concern will benefit the whole organization.

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. The Board's role is to set the Bank's values, strategy and key policies, along with pursuing and maintaining its long-term success. CIB's Board has successfully discharged its duties with entrepreneurial leadership, sound strategies and risk management oversight to ensure that risks are assessed and properly managed.

CIB's Board is composed of eight members, with a diverse knowledge base and a balanced skill set that gives the Bank a distinct competitive edge. The Directors meet at least six times per year for discussions on matters that are important to shareholders. Over the course of 2014, CIB's Board met seven times. Being the single largest shareholder in CIB, Fairfax Financial Holding Ltd, through its wholly owned number of subsidiaries currently owns 6.76% of CIB's local shares on the back of its transaction with Actis in May 2014, 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, 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. In February 2014, he became a member of the Institute of International Finance Emerging Markets Advisory Council – *EMAC*.

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 has solid record of accomplishments in all facets of financial, technology, risk and operations management. Before joining CIB's Board as a non-executive member in May 2013, Mr. Mirza had a long successful journey with CIB in which he had blended in its culture, started in 2008, serving as the COO, a post he has held for two years. In 2010, Mr. Mirza's experience was further benefiting the Bank as he was assigned the responsibility of senior advisor to the Chairman as well as the Board of Directors.

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.

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. She joined CIB Board of Directors in March 2005, and also acts as a member of the CIB Foundation Board of Trustees.

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. One of her most notable achievements was declaring the River Nile free from polluted industrial wastewater discharge. Proudly, Dr. Ebeid is the Chairperson of CIB Sustainability Advisory Board as well as the Governance and Compensation Committee.

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. He joined CIB Board of Directors in 2009 and also acts as the Chairperson of the Board Audit Committee.

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. Yasser Hashem

Non-Executive Board Member

Mr. Hashem began his career as a Partner at Zaki Hashem & Partners after his graduation from the Faculty of Law, Cairo University in 1989. He joined CIB Board of Directors in 2013.

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 eight 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), and also an Honorary Counsel to the British Ambassador in Egypt.

Dr. Sherif H Kamel

Non-Executive Board Member

Dr. Sherif Kamel is a professor of management information systems and was a former and founding dean of the School of Business (2009-2014) at the American University in Cairo (AUC). He joined CIB Board of Directors in 2013.

Dr. Kamel was associate dean for executive education (2008-2009) and director of the Management Center (2002-2008) at the American University. Before joining AUC, he was director of the Regional IT Institute (1992-2001) and managed the training department of the Cabinet of Egypt Information and Decision Support Center (1989-1992). His experience focuses on investing in human capital, building and managing executive development institutions addressing IT, management, governance, entrepreneurial, and leadership issues.

Dr. Kamel is the executive vice-president of the American Chamber of Commerce in Egypt and board member of the Egyptian American Enterprise Fund. He is a member of the Egypt-US Business Council, the World Bank Knowledge Advisory Commission, a founding member of the Internet Society of Egypt and a member of the Egyptian Council for Foreign Affairs. He is also an Eisenhower Fellow (2005).

Dr. Kamel holds a PhD in Information Systems from London School of Economics and Political Science (1994); an MBA (1990); and an MA in Islamic Art and Architecture (2013) from the American University in Cairo. His research and teaching interests include IT proliferation in developing nations, IT management, electronic business and decision support systems.

Kamel received a number of organizational leadership awards for serving the IT community from the Cabinet of Egypt (2011), BITWorld, Mexico (2000) and IRMA, USA (1999). He also received AUC Distinguished Alumni Faculty Service Award (2014); UNDP National Human Resource Development Award (2014); School of Business Leadership Award (2013); AUC President's Catalyst of Change Award for Citizenship and Service (2013); and AUC School of Business, Economics and Communication Excellence in Research Award (2005).

Mr. Mark Richards

Non-Executive Board Member

Mr. Richards is the Head of Financial Services of Actis, one of the world's leading emerging market private equity groups. He joined CIB Board of Directors in 2014 and acts also as the Chairperson of the Board Risk Committee. Mr. Richards has 26 years of banking and financial services experience, having worked in the UK, Africa, and Asia. His global responsibility extends to making and leading investments in fast growth financial services groups where Actis manages USD 6 billion, and in ensuring good governance.

Prior to joining Actis, Mr. Richards spent 18 years in Barclays in various positions as Director of Group Corporate Development and Group Strategy, Chief Financial Officer, and Head of Strategy, Planning and Corporate Development.

Moreover, Mr. Richards is a member of World Economic Forum expert panel on SME development, and a regular contributor to financial press including FT, The Banker, and Business Day South Africa, as well as being a judge for "The Banker" magazine annual awards.

Mr. Bijan Khorsowshahi

Non-Executive Board Member

Mr. Bijan Khosrowshahi joined Fairfax Financial Holdings Limited in June 2009. He joined CIB Board of Directors in October 2014. Fairfax is a financial services holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and investment management and is listed on Toronto stock exchange.

Mr. Khosrowshahi also represents Fairfax's interest as a board member in Gulf Insurance Group in Kuwait, Bahrain Kuwait Insurance Company in Bahrain, Arab Misr Insurance Company in Egypt, Arab Orient Insurance Company as well as the Jordan Kuwait Bank in Jordan and Alliance Insurance Company in United Arab Emirates.

Prior to joining Fairfax, Mr. Khosrowshahi was the President and CEO of Fuji Fire & Marine Insurance Company Limited, based in Japan. From 2001 until 2004, he was the President of AIG's General Insurance operations based in Seoul, Korea. From 1997 until 2001, he was the Vice Chairman and Managing Director of AIG Sigorta based in Istanbul, Turkey. He has held various underwriting and management positions with increasing responsibilities at AIG's headquarters in New York since joining AIG in 1986.

Mr. Khosrowshahi obtained an MBA in 1986, following an undergraduate degree in Mechanical Engineering in 1983 from Drexel University. He participated in the Executive Development Program at the Wharton School of the University of Pennsylvania in 2003 and is a regular lecturer at universities and insurance institutes.

He has served on the boards of the Foreign Affairs Council and the Insurance Society of Philadelphia. He has also been a council member of USO in Korea, the Chairman of the insurance committee of the American Chamber of Commerce in Korea, and a member of the Turkish Businessmen's Association.

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 4 times in 2014.
The Governance and Compensation Committee is responsible for corporate governance of CIB as well as being responsible 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 6 times in 2014.
The Risk Committee supervising the management of risk of CIB	**Chair:** Mr. Mark Richards **Members:** Mr. Jawaid Mirza Mr. Bijan Khorsowshahi	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 4 times in 2014.
The Management Committee is responsible for execution of the Bank's strategy	**Chair:** Mr. Hisham Ezz Al-Arab **Members:** Senior Executive Officers of the Bank	The Management Committee is an Executive committee, 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 12 times in 2014.

The High Lending and Investment Committee is responsible for assets' allocation, quality and development	**Chair:** Mr. Hisham Ezz Al-Arab **Members:** Senior Executive Officers of the Bank.	This committee is an Executive Committee responsible for managing the assets side of the balance sheet; keeping an eye on assets allocation, quality and development. Per its mandate, the High Lending and Investment Committee convened weekly throughout 2014, and met 47 times.
The Affiliates Committee is responsible for steering and managing CIB's affiliates	**Chair:** Mr. Hisham Ezz Al-Arab **Members:** Senior Executive Officers of the Bank.	The Affiliates Committee is a committee reporting to the Board of Directors, and is 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 6 times throughout 2014.
The Sustainability Advisory Board concentrates on long-term value drivers that advance the twin objectives 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 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 met twice over the course of 2014.
The Operations and IT Committee assists 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. The Committee met 4 times in 2014.

CIB Chairman Hisham Ezz Al-Arab hands out jackets to workers at the New Suez Canal construction site

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'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. In February 2014, he became a member in the Institute of International Finance Emerging Markets Advisory Council – EMAC.

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. 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 Committee, 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.

Mr. Ahmed Maher Abdel Wahed
CEO Consumer Banking and Operations

Mr. Ahmed Maher Abdel Wahed , CEO Consumer Banking and Operations came to CIB with over 25 years of experience in international banks across the Middle East, and strong track records in diversified banking structures.

Since he joined the CIB in December 2013, Mr. Abdel Wahed has made a positive contribution to the bank, through his devotion and his dedicated work and well-rounded expertise in the banking business. As CEO, Mr. Abdel Wahed manages and controls Consumer and Business Banking as well as all aspects of bank operations by ensuring the effective, efficient, and economical utilization of resources as well as planning for the future of the bank.

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.

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 161 as of December 2014, 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 Banking Division has increased its share of the Bank's net income from only 10% in 2006 to 30% as of December 2014. Under Mr. Toukhy's leadership, CIB's Branch Network and Retail Banking Group grew its December 2014 Consumer Banking balance sheet to over EGP 87 billion in customer deposits.

From left to right: Ahmed Maher Abdel Wahed; Hisham Ezz Al-Arab; Hussein Abaza; Mohamed Abdel Aziz El Toukhy

BANKING ON SUSTAINABILITY

UNDERLYING FOCUS

Anchoring a sustainability bank-wide culture and mindset in CIB through the integration of social, environmental, economic and cultural considerations in the Bank's consciousness, policies, core business, code of conduct and day-to-day operations, within a responsible, inclusive and sustainable approach.

CIB continues to be steadfastly committed to a perceptive long-term vision of the future that strikes a sound balance between the strategic goal of increased profitability as well as serving broader socioeconomic and environmental interests; the backbone of any sustainable success and distinction. It was in this positive spirit that the Bank established its Sustainable Development Department in March 2013, to advance our social, environmental, economic and cultural sustainability endeavors and as part of CIB's steady and steadfast efforts to "lead by example."

Promising strides along this worthwhile road include:

1. Social Sustainability:

The CIB Foundation was established in May 2010 with the main aim of strengthening health and nutritional services for under-privileged children in Egypt. This young foundation has over the years become a leading supporter of Corporate Social Responsibility and pediatric health care in Egypt. The Foundation's main initiatives include:

- Supporting several public hospitals by equipping their pediatric units with the latest technologies.
- Performing 6/6 eye exams on over 20 thousand students throughout the country.
- Establishing the first free of charge pediatric prosthodontics center in Egypt.
- Sponsoring Sir Magdy Yacoub's pediatric heart hospital.
- Establishing a partnership with the pediatric cancer hospital to launch new units/divisions.

Based on its solid achievements on multiple fronts, the Foundation is expanding its activities and maximizing its reach and impact across Egypt.

With a view to promoting knowledge and advancing educational opportunities, CIB retained its banking chair in the "CIB Endowed Professorship in Banking" program at the American University in Cairo. The main purpose of the program is to expose students to multiple perspectives on retail banking challenging their thinking and encouraging new practices that will result in world-class business leadership.

CIB also sponsored a ceremony for autistic children to empower their potential creative capabilities and introduce healthy modes of social integration between them and the outside world.

2. Environmental Sustainability:

Our commitment to the environment we live and operate in is one of our key values. CIB has accordingly implemented several initiatives that have a direct impact on creating a healthy environment as well as preserving our precious natural resources on which sustainable growth – and our children's future – depends. These include:

- Installation of water restrictors to reduce water consumption by 30%.
- Planting rooftop gardens and the installation of green walls to decrease CO_2 emissions.
- Restriction on smoking indoors and the allocation of smoking areas in all premises.
- Enforcement of double-sided printing, which significantly decreased our paper consumption by 45%, as a first step towards our strategic objective of becoming a paperless financial institution.
- Development of a waste management system for proper waste segregation.
- Implementation of a leading energy saving program to replace all lighting with LED lamps, which will reduce up to 35% of our energy consumption.

3. Economic Sustainability:

CIB is working on several initiatives that contribute to sustainable economic growth. High on the agenda is the development of a Social and Environmental Management System, to identify and quantify environmental and social risks, as part of the Bank's prudent risk assessment and management approach, to avoid exposure to detrimental risks as well as advance durable and responsible business opportunities. To this end, we continue to influence customer attitudes and needs to create a market for sustainable investments, products and services. In addition a sustainability report will be published about the economic, environmental and social impacts of our daily activities. This will be the first environmental report in Egypt, guided by the framework of the globally recognized Global Reporting Initiative "GRI".

And there is more! CIB's Finance programs and International Donor Funds team provide financial packages with concessional terms together with awareness sessions to customers to encourage them to use eco-friendly mechanisms. This contributes to the advancement of organic agriculture, healthy food, clean water, water recycling, solar energy, and pollution abatement industries. The Business Banking Sector provides tailored business solutions to smaller sized companies and entrepreneurs to support their growth.

Our belief in reinforcing the Egyptian economy has led CIB to proudly direct its investments and financial services towards supporting investors and officials in charge of the towering New Suez Canal project.

4. Cultural Sustainability:

Our responsibility towards the community extends to investing in multiple cultural development initiatives to enrich the knowledge of our employees, who are known to serve the society enthusiastically and selflessly. Our Branding and Learning & Development teams organized several events and visits to explore different historical and cultural sites in Egypt, such as natural protectorates. In addition, CIB sponsors talented Egyptian artists "Painters and Sculptures" by acquiring their artwork and adding it to the Bank's growing and impressive art collection.

As Egypt's upcoming ***No. 1 Green Bank,*** we have all the ingredients to chart a sustainable future and the determination to make it happen!

CIB A MODEL OF WHAT CAN BE

COMMUNITY DEVELOPMENT

CIB FOUNDATION

The CIB Foundation has witnessed another year of growth and commitment to the Egyptian community. 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 2014, the CIB Foundation was allocated over EGP 40 million, representing 1.5% of CIB's net annual profit. With this funding, the CIB Foundation expanded its operations geographically, creating new beginnings for Egypt's youngest citizens across the country.

Through its 2014 operations, the Foundation established health centers that offer services previously unavailable at the public hospital level, and expanded the scope of its ongoing projects to maximize the number of beneficiaries it is able to reach.

In early September 2014, the CIB Foundation was recognized for its work in the arena of corporate social responsibility from EMEA Finance, winning the EMEA Finance Pan-Africa Award for Corporate Social Responsibility.

The Foundation's partnerships and initiatives over the course of 2014 included:

Children's Cancer Hospital 57357: Annual Donation

In late 2013, the CIB Foundation renewed its long-term partnership with the 57357 Hospital. Recognizing growing inflation rates, the rising cost of cancer medication, and the hospital's expansion plans, the CIB Foundation raised its annual donation from EGP 2 million to EGP 3.5 million in January 2014. 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.

Magdi Yacoub Heart Foundation: 50 Open-Heart Surgeries

The Magdi Yacoub Heart Foundation has been a long-standing partner of both CIB and the CIB Foundation. In June 2014, the CIB Foundation allocated EGP 3.5 million to the Magdi Yacoub Heart Foundation to cover the costs associated with 50 pediatric open-heart surgeries. Through its ongoing donations, the CIB Foundation supports the Magdi Yacoub Foundation's efforts to drastically minimize the number of children on the open-heart surgery waiting list.

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 is critical to allow the hospital to provide top quality services and care to incoming patients. The 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 previously unavailable intensive care areas in the Ward.

In 2014, the CIB Foundation made the third and fourth payments of EGP 2 million each to the Friends of Abou El Reesh Children's Hospitals Organization. The expected disbursement date for the final EGP 2 million installment will take place in the first quarter of 2015.

Additionally, the CIB Foundation renewed its ongoing partnership with the Organization to support the operating costs of the El Mounira Hospital's Intensive Care Unit (ICU). In November 2014, the CIB Foundation donated EGP 2 million to the Organization to support the CIB Foundation-funded ICU.

Rotary Club of Kasr El Nil: 1,000 Eye Surgeries

In late 2011, the CIB Foundation committed EGP 1.5 million to fund 1,000 eye surgeries for children through the Rotary Club of Kasr El Nil's Children's Right to Sight (CRTS) program. The CRTS program 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 has overseen between 750 and 1,000 ophthalmological operations for underprivileged children, including correcting crossed eyes, cataracts,

CIB's sustainability ambassadors volunteer their time to various community service initiatives and help to spread awareness throughout the bank glaucoma, and tear duct drainage. The CIB Foundation distributed EGP 577,548 to cover the costs associated with the 435 surgeries completed in 2014.

Due to the success of the project, and recognizing the critical demand for ophthalmological interventions, the CIB Foundation renewed its partnership with the Rotary Club of Kasr El Nil in May 2014, allocating another EGP 1.5 million to the CRTS project.

Gozour Foundation for Development: Eye Exam Caravans

In July 2013, the CIB Foundation reaffirmed its long-standing partnership with the Gozour Foundation for Development to fund 12 eye exam caravans in public elementary schools across Egypt over the 2013/2014 school year. 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 the governorates of 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.

The first tranche of EGP 350,460 was distributed to the Gozour Foundation in August 2013, and the second tranche of 333,300 was distributed in February 2014.

In mid-2014, the partnership with the Gozour Foundation was renewed, with EGP 1.5 million allocated for the fourth phase of the project. From September to December 2014, the CIB Foundation conducted 18 one-day caravans in seven new governorates, including Port Said, Suez, Al Gharbia, Al Dakahlia, Assiut, Aswan and the Red Sea. The program was expanded to examine 500 children per caravan, reaching over 9,000 students by the end of the phase.

These 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. Due to the distance of these governorates from CIB Head Offices, over 150 volunteer staff members participated in the caravans in their respective governorates.

In December 2014, the CIB Foundation approved the fifth phase of the project, which will see the implementation of another 18 caravans in various governorates around Egypt, targeting another 9,000 elementary school students.

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 December 2014, the CIB Foundation allocated its annual donation of EGP 2 million to the Yahiya Arafa Foundation 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 and a newly opened cardiology 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 ensures the smooth running of the other supported units. The donation is used to cover human resources, equipment maintenance, operating costs and academic research.

Rotary Club of Zamalek: Maxillo-Facial Center in the Pediatric Prosthodontics Department in the Cairo University Faculty of Oral and Dental Medicine

In July 2013, the CIB Foundation's Board of Trustees approved the development of a c. EGP 300,000 Maxillo-Facial Center in the Pediatric Prosthodontics Department in the Cairo University Faculty of Oral and Dental Medicine. The highly specialized center offers treatment for oral and nasal cavity deformities in the facial palette, congenital deformities in newborn babies, and 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.

The first payment of EGP 140,786 for the Center was made in late 2013, with the second and third payments totaling EGP 140,786 were made in February and April 2014. The Center opened in late April 2014, and is now able to provide treatment to children from across the country as one of the sole providers of the specialized procedures.

Aswan University Hospital: Renovation and Outfitting of Pediatric Units

In early 2014, the CIB Foundation was approached by Aswan University Hospital to renovate and outfit several units in the Pediatrics Department. Due to the lack of medical services and resources, the hospital had been transferring approximately 70% of its patients to other governorates, such as Assiut, the closest governorate which is 70 kilometers away, and Cairo.

The CIB Foundation allocated EGP 6 million to the hospital to renovate and outfit the Pediatric Intensive Care Unit, Neonatal Unit, Inpatient Unit, Outpatient Clinic and One-Day Emergency Clinic. The hospital's renovated units are expected to open in February 2015.

Sohag University Hospital: Outfitting of three Pediatric Intensive Care Units

In early 2014, Sohag University Hospital approached the CIB Foundation with a request to outfit its Free Treatment Department with necessary equipment for three intensive care units (ICUs). The importance of the project could not be overlooked, as there were no existing ICU facilities in the entire Governorate of Sohag. The hospital had recently completed all construction work for the ICUs and was solely requesting equipment.

The CIB Foundation approved a donation of EGP 5,950,000 to equip the Neonatal ICU, Pediatric ICU, and Medium Care ICU. The ICUS are expected to open in February 2015.

Bolak El Dakroor Hospital: Purchasing Equipment for the Obstetrics and Gynecology Department

The CIB Foundation donated EGP 71,600 to the Bolak El Dakroor Hospital's Obstetrics and Gynecology Department for the purchasing of two fetal monitors and two delivery beds. The hospital serves a huge number of residents in the area, and the department performs roughly 3,000 check-ups per month. This project allowed the CIB Foundation to reach an underserved segment of society with a great level of impact, due to the high foot traffic in the hospital. The fetal monitors are used on approximately 30-40 women a day, and approximately 1,200 women deliver at the hospital monthly.

ADVANCE Society for Persons with Autism & Other Disabilities: Finishing Works in the Society's New Premises

In April 2014, the CIB Foundation allocated EGP 1.5 million to the ADVANCE Society for Persons with Autism & Other Disabilities to complete finishing works in Building 2 of their new premises in New Cairo. The ADVANCE Society is a non-profit organization founded in 1999 by a group of parents of persons with autism and other developmental disabilities to allow those with developmental disabilities to reach their utmost potential. Building 2, where workshops, specialized therapies, trainings and administration work will be conducted, required certain finishings including water, sewage, fire and irrigation networks, concrete works, and landscaping.

Mansoura University Children's Hospital: Endoscopy Equipment for the Gastroenterology and Liver Unit

In early 2014, the Gastroenterology and Liver Unit at the Mansoura University Children's Hospital requested three pieces of endoscopy equipment from the CIB Foundation. Mansoura University Hospital is a 25-year-old teaching hospital, and through the unit, patients are treated for various diseases including Gaucher's Disease and Hepatitis. Additionally, the unit currently performs roughly 100 endoscopy procedures a month.

Mansoura University Children's Hospital is a major referral center for pediatric patients in Egypt and the surrounding region. The unit's endoscopy facilities are of high quality and standard, and its medical professionals have received training from specialists both inside and outside of Egypt.

Through the Foundation's EGP 1,050,000 donation, the unit was able to purchase a high-tech light source to make endoscopy procedures less invasive for pediatric patients, as well as two additional pediatric endoscopes. This equipment has allowed the unit to double the number of endoscopy procedures it is able to perform.

Egyptian Liver Care Society: Children Without Virus C Program

In early 2014, the CIB Foundation dedicated over EGP 6 million to fund the Egyptian Liver Care Society's Children Without Virus C (C-Free Child) program. The Egyptian Liver Care Society was established in 2008 with specific goals of caring for Hepatitis patients, raising doctor and nurse Hepatitis-care skills, providing financial support to Hepatitis patients (including liver transplants), and increasing the number and quality of Hepatitis centers in Egypt. The C-Free Child program is the only program of its kind in Egypt screening and treating children with Hepatitis C free of charge.

Over the course of 24 months, beginning in September 2014, the Egyptian Liver Care Society, in partnership with the National Committee for Combatting Viral Hepatitis, will screen 2,000 children and treat 600 identified with Hepatitis C. The project

The CIB Foundation's 6/6 Eye Exam Caravan program was successful in providing over 12,000 children in 12 governorates with free eye exams will also train a cadre of doctors and nurses, and raise general awareness on Hepatitis among families and caregivers of children with the virus.

AFNCI: Pediatric Outpatient Clinics

In mid-2014, the CIB Foundation partnered with the Association of Friends of the National Cancer Institute well as the Children's Cancer Hospital 57357 Foundation to sponsor the pediatric outpatient clinics at the National Cancer Institute. This EGP 3 million project is intended to serve as the first stepping stone in the Association and 57357 Foundation's goal to renovate and refurbish the entire National Cancer Institute.

The 450-square-meter clinics receive more than 300 patients daily, and include six examination rooms, a sampling room, a pharmacy, nutrition clinic, library, play room, and a 98-seat waiting room.

Zewail University of Science and Technology: CIB Foundation Fellowship for Science and Technology

In line with its commitment to quality education, the CIB Foundation disbursed its year-two donation of EGP 5 million to the Zewail University of Science and Technology to cover the tuition expenses of its 50 CIB Foundation Fellows. The Fellowship supports 50 public school graduates pursuing degrees in the advanced sciences or engineering.

Egyptian Clothing Bank: Warm Egypt National Campaign

In its third year of partnership with the Egyptian Clothing Bank (ECB), the CIB Foundation donated EGP 1 million to support the Warm Egypt National Campaign. This campaign, a new element of the Clothing Bank's 'One Million Blankets National Campaign,' includes the production of heavy cotton pullovers for the needy of both genders in all sizes for the needy. Not only does this allow ECB to provide support to families in their homes through the blankets campaign, but also outside their homes with heavy clothing. Additionally, the program will help increase production levels in many small and middle sized factories, generating increased economic activity. The CIB Foundation's donation was used to provide 50,000 children in Upper Egypt with pullovers for the winter.

Egyptian Red Crescent: Community Health Center Renovation

In December 2014, the CIB Foundation approved an EGP 900,000 donation to the Egyptian Red Crescent to renovate the pediatric outpatient clinics and operating room in the Al Nahda area's community health center. The Red Crescent-managed health center includes seven clinics, including pediatrics, a lab, dentistry, ear nose and throat (ENT), ophthalmology, internal medicine, and gynecology. The renovations will help to provide quality medical services to the roughly 24,000 children that visit the clinic yearly.

Right to Life Association: Premises Renovation of Premises

In December 2014, the CIB Foundation allocated just over EGP 300,000 to renovate and upgrade the Right to Life Association's premises. The Association is a center for schooling and rehabilitation for people of all ages with mental and physical disabilities, and caters to roughly 60 children under the age of 18. The Foundation's donation will be used towards renovating classrooms, restroom facilities, and the outdoor activity area. The project will also allow for CIB employees to actively participate in the renovation process, by painting murals inside the classroom.

Blood Donation Campaigns: The Triple Effect

In June 2014, the CIB Foundation hosted blood donation campaigns in six of its corporate offices in Cairo and Alexandria. As part of the Triple Effect initiative, the campaigns were held in collaboration with the Takatof Foundation, a PricewaterhouseCoopers initiative. Through the initiative, the Foundation seeks to triple the number of voluntary blood donors in Egypt. Over the course of the campaign, a total of 247 bags of blood were collected.

IMAX Theater

In September 2014, the CIB Foundation organized a trip for roughly 550 children to the IMAX cinema in Americana Plaza. Through CIB's corporate sponsorship of the IMAX, dedicated movie screenings have been allocated to the CIB Foundation as part of the Foundation's ongoing corporate social responsibility (CSR) program.

Children with mental and physical disabilities, as well as children from underprivileged areas in Cairo, were shown a newly-released movie and an educational film about climate change. The Foundation also provided the children with transportation to and from the cinema, as well as healthy refreshments during the movies.

KidZania Cairo

Through CIB's long-term corporate sponsorship of KidZania Cairo, the CIB Foundation is allocated 50 tickets quarterly. Over 2014, the CIB Foundation organized multiple visits to the edutainment city, where children were provided the opportunity to experience adult professions on a child-friendly scale. By performing sector-specific jobs, children could spend the Kidzos, the official currency of KidZania, which they earned on games and other entertaining activities. The CIB Foundation afforded this opportunity to underprivileged children as well as children with physical and mental disabilities. Through these events children from marginalized groups of society were given the ability to experience activities that would have previously been unavailable to them.

To read more about the projects that the CIB Foundation has helped support and to learn about ways in which you can contribute, please visit www.cibfoundationegypt.org.

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

FINANCIAL STATEMENTS

Allied for Accounting & Auditing EY
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 2014 , 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, 2014 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, 2014 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

المتضامنون للمحاسبة والمراجعة
A Member of Ernst & Young Global

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

KPMG Hazem Hassan
Public Accountants and Consultants

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

Cairo, 10 February 2015

Commercial International Bank (Egypt) S.A.E

Separate balance sheet as at December 31, 2014

Assets	Notes	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Cash and balances with Central Bank	15	7,502,256	4,796,240
Due from banks	16	9,279,896	8,893,671
Treasury bills and other governmental notes	17	30,539,402	23,654,813
Trading financial assets	18	3,727,571	2,246,348
Loans and advances to banks	19	118,091	132,422
Loans and advances to customers	20	49,279,817	41,837,952
Derivative financial instruments	21	52,188	103,085
Financial investments			
- Available for sale	22	27,688,410	23,363,501
- Held to maturity	22	9,160,746	4,187,174
Investments in subsidiary and associates	23	564,686	599,277
Investment property	24	884,094	-
Other assets	25	3,745,362	2,889,491
Deferred tax	33	122,110	83,755
Property, plant and equipment	26	982,296	964,539
Total assets		**143,646,925**	**113,752,268**
Liabilities and equity			
Liabilities			
Due to banks	27	1,131,385	1,373,410
Due to customers	28	122,244,933	96,940,270
Derivative financial instruments	21	137,175	114,879
Current income tax obligations		1,814,609	1,179,709
Other liabilities	30	2,541,965	1,446,047
Long term loans	29	242,878	132,153
Other provisions	31	718,356	450,755
Total liabilities		**128,831,301**	**101,637,223**
Equity			
Issued and paid in capital	32	9,081,734	9,002,435
Reserves	32	1,908,594	307,224
Reserve for employee stock ownership plan (ESOP)		177,766	190,261
Total equity		**11,168,094**	**9,499,920**
Net profit for the year after tax		3,647,530	2,615,125
Total equity and net profit for year		**14,815,624**	**12,115,045**
Total liabilities and equity		**143,646,925**	**113,752,268**
Contingent liabilities and commitments			
Letters of credit, guarantees and other commitments	37	**25,309,960**	**16,182,490**

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

Hisham Ezz Al-Arab
Chairman and Managing Director

Commercial International Bank (Egypt) S.A.E

Separate income statement for the year ended December 31, 2014

	Notes	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Interest and similar income		11,549,834	9,509,874
Interest and similar expense		(5,274,133)	(4,460,113)
Net interest income	6	**6,275,701**	**5,049,761**
Fee and commission income		1,632,397	1,316,916
Fee and commission expense		(181,498)	(127,965)
Net fee and commission income	7	**1,450,899**	**1,188,951**
Dividend income	8	28,514	19,803
Net trading income	9	717,001	759,973
Profit (Losses) from financial investments	22	(29,335)	(381,157)
Administrative expenses	10	(1,704,500)	(1,449,945)
Other operating (expenses) income	11	(725,702)	(431,592)
Impairment (charge) release for credit losses	12	(588,794)	(915,582)
Profit before income tax		**5,423,784**	**3,840,212**
Income tax expense	13	(1,814,609)	(1,179,709)
Deferred tax	33 & 13	38,355	(45,378)
Net profit for the year		**3,647,530**	**2,615,125**
Earning per share	14		
Basic		3.55	2.65
Diluted		3.49	2.62

Hisham Ezz Al-Arab
Chairman and Managing Director

Commercial International Bank (Egypt) S.A.E

Separate cash flow for the year ended December 31, 2014

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Cash flow from operating activities		
Profit before income tax	5,423,784	3,840,212
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	213,771	202,345
Impairment charge for credit losses	588,794	915,582
Other provisions charges	278,514	129,104
Trading financial investments revaluation differences	(4,468)	17,696
Available for sale and held to maturity investments exchange revaluation differences	(38,176)	(124,231)
Financial investments impairment charge (release)	65,736	(6,268)
Utilization of other provisions	(6,600)	(5,634)
Other provisions no longer used	(456)	(142)
Exchange differences of other provisions	(3,857)	16,778
Profits from selling property, plant and equipment	(2,106)	(741)
Profits from selling financial investments	(82,907)	(1,656)
Shares based payments	99,857	89,182
Investments in subsidiary and associates revaluation	52,479	346,285
Operating profits before changes in operating assets and liabilities	**6,584,365**	**5,418,512**
Net decrease (increase) in assets and liabilities		
Due from banks	(131,586)	(642,434)
Treasury bills and other governmental notes	(4,897,448)	(9,149,659)
Trading financial assets	(1,476,755)	(791,762)
Derivative financial instruments	73,193	30,154
Loans and advances to banks and customers	(8,016,328)	(1,008,775)
Other assets	(845,028)	(381,862)
Due to banks	(242,025)	(341,453)
Due to customers	25,304,663	18,105,543
Income tax obligations paid	(1,179,709)	(819,362)
Other liabilities	1,095,918	231,057
Net cash provided from operating activities	**16,269,260**	**10,649,959**
Cash flow from investing activities		
Purchase of subsidiary and associates	(17,888)	(7,528)
Purchases of property, plant and equipment	(240,265)	(519,822)
Redemption of held to maturity financial investments	-	18,579
Purchases of held to maturity financial investments	(4,973,572)	-
Purchases of available for sale financial investments	(9,080,132)	(7,463,492)
Proceeds from selling available for sale financial investments	4,937,801	4,520,054
Purchases of real estate investments	(884,094)	-
Net cash generated from (used in) investing activities	**(10,258,150)**	**(3,452,209)**
Cash flow from financing activities		
Increase (decrease) in long term loans	110,725	51,658
Dividend paid	(1,253,338)	(1,055,843)
Capital increase	79,299	29,349
Net cash generated from (used in) financing activities	**(1,063,314)**	**(974,836)**
Net increase (decrease) in cash and cash equivalent during the year	4,947,796	6,222,914
Beginning balance of cash and cash equivalent	11,758,996	5,536,080
Cash and cash equivalent at the end of the year	**16,706,792**	**11,758,994**

Commercial International Bank (Egypt) S.A.E

Separate cash flow for the year ended December 31, 2014 (Cont.)

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Cash and cash equivalent comprise:		
Cash and balances with Central Bank	7,502,256	4,796,240
Due from banks	9,279,896	8,893,670
Treasury bills and other governmental notes	30,539,402	23,654,812
Obligatory reserve balance with CBE	(3,497,164)	(3,224,660)
Due from banks (time deposits) more than three months	(5,007,412)	(5,148,331)
Treasury bills with maturity more than three months	(22,110,186)	(17,212,737)
Total cash and cash equivalent	**16,706,792**	**11,758,994**

Commercial International Bank (Egypt) S.A.E

Separate statement of changes in shareholders' equity for the year ended on December 31, 2014

Dec. 31, 2014	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 EGP Thousands
Beginning balance	**9,002,435**	**490,365**	**406,242**	**-**	**27,367**	**(720,468)**	**1,991**	**2,716,852**	**190,261**	**12,115,045**
Capital increase	79,299	-	-	-	-	-	-	-	-	79,299
Transferred to reserves	-	130,719	1,444,406	-	741	-	-	(1,463,514)	(112,352)	-
Dividend paid	-	-	-	-	-	-	-	(1,253,338)	-	(1,253,338)
Net profit for the year	-	-	-	-	-	-	-	3,647,530	-	3,647,530
Net change at fair value of AFS financial investment	-	-	-	-	-	127,231	-	-	-	127,231
Transferred (from) to bank risk reserve	-	-	-	-	-	-	522	(522)	-	-
Reserve for employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	99,857	99,857
Balance at The End of The year	**9,081,734**	**621,084**	**1,850,648**	**-**	**28,108**	**(593,237)**	**2,513**	**3,647,008**	**177,766**	**14,815,624**

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 EGP Thousands
Beginning balance	**5,972,275**	**380,349**	**2,037,107**	**1,002**	**117,806**	**153,507**	**103,717**	**2,380,684**	**164,761**	**11,311,208**
Capital increase	3,030,160	-	(3,000,812)	-	-	-	-	-	-	29,348
Transferred to reserves	-	110,016	1,277,121	-	2,387	-	-	(1,325,842)	(63,682)	-
Dividend paid	-	-	-	(1,002)	-	-	-	(1,054,841)	-	(1,055,843)
Net profit for the year	-	-	-	-	-	-	-	2,615,125	-	2,615,125
Transfer from special reserve	-	-	92,826	-	(92,826)	-	-	-	-	-
Net change at fair value of AFS financial investment	-	-	-	-	-	(873,975)	-	-	-	(873,975)
Transferred (from) to bank risk reserve	-	-	-	-	-	-	(101,726)	101,726	-	-
Reserve for employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	89,182	89,182
Balance at the end of the year	**9,002,435**	**490,365**	**406,242**	**-**	**27,367**	**(720,468)**	**1,991**	**2,716,852**	**190,261**	**12,115,045**

Commercial International Bank (Egypt) S.A.E

Proposed appropriation account for the year ended on December 31, 2014

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Net profit after tax	3,647,530	2,615,125
Profits selling property, plant and equipment transferred to capital reserve according to the law	(2,106)	(741)
Bank risk reserve	(522)	101,726
Available net profit for distributing	3,644,902	2,716,110
Add:		
Retained earnings (losses)	-	-
Total	**3,644,902**	**2,716,110**
To be distributed as follows:		
Legal reserve	182,271	130,719
General reserve	1,898,985	1,332,052
Dividends to shareholders	1,089,808	900,244
Staff profit sharing	364,490	271,611
Board members bonus	54,674	40,742
CIB's foundation	54,674	40,742
Total	**3,644,902**	**2,716,110**

Notes to the separate financial statements for the year ended on December 31, 2014

1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 135 branches, and 26 units employing 5403 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, 2014 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 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 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 as available for sale, the value is measured at cost less impairment.

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.

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, 2014		December 31, 2013	
	Loans and advances (%)	Impairment provision (%)	Loans and advances (%)	Impairment provision (%)
1- Performing loans	86.69	33.91	87.71	31.49
2- Regular watching	6.70	11.24	4.90	5.32
3- Watch list	1.95	5.53	3.43	19.93
4- Non-Performing loans	4.66	49.32	3.96	43.26

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, 2014 EGP Thousands**	**Dec. 31, 2013 EGP Thousands**
Treasury bills and other governmental notes	30,461,627	23,654,813
Trading financial assets:		
- Debt instruments	3,335,297	2,047,967
Gross loans and advances to banks	132,673	153,833
Less: Impairment provision	(14,582)	(21,411)
Gross loans and advances to customers		
Individual:		
- Overdraft	1,438,217	1,173,943
- Credit cards	1,010,014	765,624
- Personal loans	5,729,054	4,181,386
- Mortgages	325,266	383,144
- Other loans	20,934	10,842
Corporate:		
- Overdraft	7,192,728	5,015,511
- Direct loans	25,008,383	24,125,579
- Syndicated loans	12,645,169	9,630,556
- Other loans	216,429	109,232
Unamortized bills discount	(5,568)	(6,635)
Impairment provision	(3,441,757)	(2,842,840)
Unearned interest	(859,052)	(708,390)
Derivative financial instruments	52,188	103,085
Financial investments:		
-Debt instruments	36,383,095	26,889,648
- Investments in subsidiary and associates	564,686	599,277
Total	**120,194,801**	**95,265,164**
Off balance sheet items exposed to credit risk		
Financial guarantees	2,453,307	2,480,060
Customers acceptances	757,509	472,351
Letter of credit	1,289,834	750,766
Letter of guarantee	23,262,617	14,959,373
Total	**27,763,267**	**18,662,550**

The above table represents the Bank Maximum exposure to credit risk on December 31, 2014, 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 41.14% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represents 33.05%.

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:

- 93.39% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- 95.34% of loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed individualy are valued EGP 2,501,700.
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on Decmber 31, 2014.
- 96.46% 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, 2014 EGP Thousands		**Dec. 31, 2013 EGP Thousands**	
	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	48,711,552	107,617	40,832,064	123,630
Past due but not impaired	2,397,998	-	2,790,527	-
Individually impaired	2,476,644	25,056	1,773,225	30,203
Gross	**53,586,194**	**132,673**	**45,395,816**	**153,833**
Less:				
Impairment provision	3,441,757	14,582	2,842,840	21,411
Unamortized bills discount	5,568	-	6,634	-
Unearned interest	859,052	-	708,390	-
Net	**49,279,817**	**118,091**	**41,837,952**	**132,422**

Impairment provision losses for loans and advances reached EGP 3,456,339 thousand.

During the year the Bank's total loans and advances increased by 17.93% .

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 (after deducting impairment provision):

Dec. 31, 2014 — EGP Thousands

Grades:	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
Performing loans	1,381,095	977,165	5,488,286	315,362	-	6,167,798	19,699,277	11,070,532	194,013	45,293,528	106,761
Regular watching	30,404	17,128	77,868	-	-	313,197	2,272,382	479,924	17,566	3,208,469	-
Watch list	5,062	5,307	31,441	-	-	47,847	390,506	376,653	-	856,816	-
Non-performing loans	11,106	2,980	50,306	1,482	-	172,123	473,792	73,835	-	785,624	11,330
Total	**1,427,667**	**1,002,580**	**5,647,901**	**316,844**	**-**	**6,700,965**	**22,835,957**	**12,000,944**	**211,579**	**50,144,437**	**118,091**

Dec. 31, 2013 — EGP Thousands

Grades:	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
Performing loans	1,094,592	736,701	3,996,265	366,844	-	4,407,492	19,559,701	8,665,940	103,048	38,930,583	121,253
Regular watching	51,118	14,364	44,548	-	-	69,766	1,439,447	459,723	713	2,079,679	-
Watch list	10,008	3,895	24,519	-	7,100	126,847	811,646	5,446	-	989,461	-
Non-performing loans	8,994	2,273	33,393	2,516	533	77,204	361,454	66,383	503	553,253	11,169
Total	**1,164,712**	**757,233**	**4,098,725**	**369,360**	**7,633**	**4,681,309**	**22,172,248**	**9,197,492**	**104,264**	**42,552,976**	**132,422**

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.

EGP Thousands

Dec. 31, 2014	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Past due up to 30 days	351,021	173,064	12,587	1,219	537,891	581,077	871,089	92,962	1,545,128
Past due 30 - 60 days	30,457	17,945	4,594	97	53,093	22,336	33,806	-	56,142
Past due 60-90 days	5,129	6,286	3,569	5	14,989	99,627	91,128	-	190,755
Total	**386,607**	**197,295**	**20,750**	**1,321**	**605,973**	**703,040**	**996,023**	**92,962**	**1,792,025**

EGP Thousands

Dec. 31, 2013	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Past due up to 30 days	282,864	145,913	9,383	742	438,902	1,309,119	749,248	22,884	2,081,251
Past due 30-60 days	51,211	15,127	2,852	199	69,389	20,300	17,617	-	37,917
Past due 60-90 days	10,050	4,646	2,705	16	17,417	79,699	65,952	-	145,651
Total	**344,125**	**165,686**	**14,940**	**957**	**525,708**	**1,409,118**	**832,817**	**22,884**	**2,264,819**

Individually impaired loans

Loans and advances individually assessed without taking into consideration cash flows from guarantees are totaled EGP 2,501,700 thousand.

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:

EGP Thousands

Dec. 31, 2014	Individual					Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Individually impaired loans	17,136	5,369	106,254	6,791	20,926	518,995	1,542,051	284,178	-	2,501,700

EGP Thousands

Dec. 31, 2013	Individual					Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Individually impaired loans	14,563	5,940	102,519	13,066	1,385	262,467	1,128,085	272,229	3,174	1,803,428

Loans and advances restructured

Restructuring activities include rescheduling 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, 2014	Dec. 31, 2013
Loans and advances to customer		
Corporate		
- Direct loans	3,243,393	2,950,132
Total	**3,243,393**	**2,950,132**

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 Thousands

Dec. 31, 2014	Treasury bills and other gov. notes	Trading financial debt instruments	Non-trading financial debt instruments	Total
AAA	-	-	866,024	**866,024**
AA- to AA+	-	-	231,004	**231,004**
A- to A+	-	-	75,469	**75,469**
Lower than A-	-	-	973,469	**973,469**
Unrated	30,539,402	3,335,297	34,237,129	**68,111,828**
Total	**30,539,402**	**3,335,297**	**36,383,095**	**70,257,794**

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.

EGP Thousands

Dec. 31, 2014	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Treasury bills and other governmental notes	30,461,627	-	-	**30,461,627**
Trading financial assets:				
- Debt instruments	3,335,297	-	-	**3,335,297**
Gross loans and advances to banks	132,673	-	-	**132,673**
Less:Impairment provision	(14,582)	-	-	**(14,582)**
Gross loans and advances to customers				
Individual:				
- Overdrafts	914,041	369,149	155,027	**1,438,217**
- Credit cards	848,436	150,098	11,480	**1,010,014**
- Personal loans	3,619,793	1,719,194	390,067	**5,729,054**
- Mortgages	273,295	45,098	6,873	**325,266**
- Other loans	20,934	-	-	**20,934**
Corporate:				
- Overdrafts	6,166,152	918,164	108,412	**7,192,728**
- Direct loans	18,269,216	6,364,643	374,524	**25,008,383**
- Syndicated loans	11,990,771	654,398	-	**12,645,169**
- Other loans	196,029	20,400	-	**216,429**
Unamortized bills discount	(5,568)	-	-	**(5,568)**
Impairment provision	(3,441,757)	-	-	**(3,441,757)**
Unearned interest	(612,291)	(244,534)	(2,227)	**(859,052)**
Derivative financial instruments	52,188	-	-	**52,188**
Financial investments:				
-Debt instruments	36,383,095	-	-	**36,383,095**
- Investments in subsidiary and associates	564,686	-	-	**564,686**
Total	**109,154,035**	**9,996,610**	**1,044,156**	**120,194,801**

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 Thousands

Dec. 31, 2014	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Treasury bills and other governmental notes	-	-	-	-	30,461,627	-	-	**30,461,627**
Trading financial assets:								
- Debt instruments	-	-	-	-	3,335,297	-	-	**3,335,297**
Gross loans and advances to banks	132,673	-	-	-	-	-	-	**132,673**
Less:Impairment provision	(14,582)	-	-	-	-	-	-	**(14,582)**
Gross loans and advances to customers								
Individual:								
- Overdrafts	-	-	-	-	-	-	1,438,217	**1,438,217**
- Credit cards	-	-	-	-	-	-	1,010,014	**1,010,014**
- Personal loans	-	-	-	-	-	-	5,729,054	**5,729,054**
- Mortgages	-	-	-	-	-	-	325,266	**325,266**
- Other loans	-	-	-	-	-	-	20,934	**20,934**
Corporate:								
- Overdrafts	11,072	3,137,289	395,916	656,655	947,673	2,044,123	-	**7,192,728**
- Direct loans	997,549	12,362,815	-	375,014	2,913,759	8,359,246	-	**25,008,383**
- Syndicated loans	-	6,372,753	510,613	-	3,310,954	2,450,849	-	**12,645,169**
- Other loans	15,000	188,629	-	11,110	-	1,690	-	**216,429**
Unamortized bills discount	(5,568)	-	-	-	-	-	-	**(5,568)**
Impairment provision	(20,118)	(1,895,771)	(12,627)	(9,565)	(10,071)	(1,348,792)	(144,813)	**(3,441,757)**
Unearned interest	(117,189)	(453,740)	-	(17)	-	(275,780)	(12,326)	**(859,052)**
Derivative financial instruments	52,188	-	-	-	-	-	-	**52,188**
Financial investments:								
-Debt instruments	1,172,498	-	-	-	35,210,597	-	-	**36,383,095**
- Investments in subsidiary and associates	564,686	-	-	-	-	-	-	**564,686**
Total	**2,788,209**	**19,711,975**	**893,902**	**1,033,197**	**76,169,836**	**11,231,336**	**8,366,346**	**120,194,801**

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

EGP Thousands

Total VaR by risk type	Dec. 31, 2014			Dec. 31, 2013		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	42	351	3	90	540	3
Interest rate risk	81,711	125,871	63,594	75,596	101,790	55,515
- For non trading purposes	70,306	107,791	56,307	63,976	84,950	48,926
- For trading purposes	11,405	18,080	7,288	11,621	16,840	6,590
Equities risk	84	141	-	124	203	86
Portfolio managed by others risk	4,132	6,817	1,108	606	1,125	35
Investment fund	357	549	223	305	491	211
Total VaR	**81,859**	**126,094**	**63,618**	**75,622**	**101,827**	**55,529**

Trading portfolio VaR by risk type

	Dec. 31, 2014			Dec. 31, 2013		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	42	351	3	90	540	3
Interest rate risk						
- For trading purposes	11,405	18,080	7,288	11,621	16,840	6,590
Equities risk	84	141	-	124	203	86
Funds managed by others risk	4,132	6,817	1,108	606	1,125	35
Investment fund	357	549	223	305	491	211
Total VaR	**12,451**	**18,815**	**8,790**	**11,654**	**16,876**	**6,621**

Non trading portfolio VaR by risk type

	Dec. 31, 2014			Dec. 31, 2013		
	Medium	High	Low	Medium	High	Low
Interest rate risk						
- For non trading purposes	70,306	107,791	56,307	63,976	84,950	48,926
Total VaR	**70,306**	**107,791**	**56,307**	**63,976**	**84,950**	**48,926**

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.

Dec. 31, 2014	EGP	USD	EUR	GBP	Other	Equivalent EGP Thousands Total
Financial assets						
Cash and balances with Central Bank	6,541,660	628,368	107,245	48,561	176,422	**7,502,256**
Due from banks	1,257,705	5,509,635	2,296,965	87,485	128,106	**9,279,896**
Treasury bills and other governmental notes	27,721,800	4,121,980	164,843	-	-	**32,008,623**
Trading financial assets	3,727,571	-	-	-	-	**3,727,571**
Gross loans and advances to banks	-	117,655	15,018	-	-	**132,673**
Gross loans and advances to customers	32,314,684	20,335,620	700,353	175,562	59,975	**53,586,194**
Derivative financial instruments	22,221	29,874	93	-	-	**52,188**
Financial investments						
- Available for sale	26,418,195	1,270,215	-	-	-	**27,688,410**
- Held to maturity	9,160,746	-	-	-	-	**9,160,746**
Investments in subsidiary and associates	564,686	-	-	-	-	**564,686**
Total financial assets	**107,729,268**	**32,013,347**	**3,284,517**	**311,608**	**364,503**	**143,703,243**
Financial liabilities						
Due to banks	178,703	923,502	11,306	17,862	12	**1,131,385**
Due to customers	88,698,067	28,936,406	4,015,901	455,847	138,712	**122,244,933**
Derivative financial instruments	61,803	75,112	260	-	-	**137,175**
Long term loans	242,878	-	-	-	-	**242,878**
Total financial liabilities	**89,181,451**	**29,935,020**	**4,027,467**	**473,709**	**138,724**	**123,756,371**
Net on-balance sheet financial position	**18,547,817**	**2,078,327**	**(742,950)**	**(162,101)**	**225,779**	**19,946,872**

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, 2014	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	-	-	-	-	-	7,502,256	**7,502,256**
Due from banks	3,927,159	4,085,145	847,115	-	-	420,477	**9,279,896**
Treasury bills and other governmental notes*	2,976,212	5,631,430	23,400,981	-	-	-	**32,008,623**
Trading financial assets	150,806	-	432,584	2,023,899	878,814	241,468	**3,727,571**
Gross loans and advances to banks	40,597	53,255	13,765	25,056	-	-	**132,673**
Gross loans and advances to customers	35,376,384	7,440,054	5,459,800	4,354,690	955,266	-	**53,586,194**
Derivatives financial instruments (including IRS notional amount)	677,816	337,516	590,117	3,597,289	-	27,121	**5,229,859**
Financial investments							
- Available for sale	634,699	1,454,716	3,532,552	17,481,915	4,205,046	379,482	**27,688,410**
- Held to maturity	2,765,022	-	1,150,082	5,008,560	237,082	-	**9,160,746**
Investments in subsidiary and associates	-	-	-	-	-	564,686	**564,686**
Total financial assets	**46,548,695**	**19,002,116**	**35,426,996**	**32,491,409**	**6,276,208**	**9,135,490**	**148,880,914**
Financial liabilities							
Due to banks	196,028	-	35,700	-	-	899,657	**1,131,385**
Due to customers	45,699,172	17,721,716	14,675,496	22,466,531	686,676	20,995,342	**122,244,933**
Derivatives financial instruments (including IRS notional amount)	1,533,838	3,051,479	35,640	-	621,189	72,700	**5,314,846**
Long term loans	36,598	21,049	143,678	41,553	-	-	**242,878**
Total financial liabilities	**47,465,636**	**20,794,244**	**14,890,514**	**22,508,084**	**1,307,865**	**21,967,699**	**128,934,042**
Total interest re-pricing gap	**(916,941)**	**(1,792,128)**	**20,536,482**	**9,983,325**	**4,968,343**	**(12,832,209)**	**19,946,872**

* 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, 2014	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP Thousands
Financial liabilities						
Due to banks	1,095,684	-	35,701	-	-	1,131,385
Due to customers	19,313,598	18,440,963	41,652,782	41,041,666	1,795,924	122,244,933
Long term loans	36,598	21,049	143,678	41,553	-	242,878
Total liabilities (contractual and non contractual maturity dates)	**20,445,880**	**18,462,012**	**41,832,161**	**41,083,219**	**1,795,924**	**123,619,196**
Total financial assets (contractual and non contractual maturity dates)	**20,615,797**	**17,495,479**	**39,589,765**	**52,400,429**	**13,549,584**	**143,651,054**

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 Thousands
Financial liabilities						
Due to banks	1,373,410	-	-	-	-	1,373,410
Due to customers	14,357,245	14,355,336	31,020,534	36,171,294	1,035,861	96,940,270
Long term loans	28,091	5,314	49,299	49,449	-	132,153
Total liabilities (contractual and non contractual maturity dates)	**15,758,746**	**14,360,650**	**31,069,833**	**36,220,743**	**1,035,861**	**98,445,833**
Total financial assets (contractual and non contractual maturity dates)	**16,226,911**	**11,735,431**	**29,841,047**	**41,734,406**	**14,830,199**	**114,367,994**

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 Thousands

Dec. 31, 2014	Up to 1 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	20,477	22,965	22,065	9	-	65,516
- Interest rate derivatives	-	259	-	7,998	63,402	71,659
Total	**20,477**	**23,224**	**22,065**	**8,007**	**63,402**	**137,175**

Off balance sheet items

EGP Thousands

Dec. 31, 2014	Up to 1 year	1-5 years	Over 5 years	Total
Letters of credit, guarantees and other commitments	15,614,673	7,769,366	1,925,921	25,309,960
Total	**15,614,673**	**7,769,366**	**1,925,921**	**25,309,960**

EGP Thousands

Dec. 31, 2014	Up to 1 year	1-5 years	Over 5 years	Total
Loans commitments (Customers limit authorized not utilized)	16,376,222	1,494,023	191,099	18,061,344
Total	**16,376,222**	**1,494,023**	**191,099**	**18,061,344**

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, 2014	**Dec. 31, 2013**	**Dec. 31, 2014**	**Dec. 31, 2013**
Financial assets				
Due from banks	9,279,896	8,893,671	9,279,896	8,893,671
Gross loans and advances to banks	132,673	153,833	132,673	153,833
Gross loans and advances to customers				
- Individual	8,523,485	6,514,939	8,523,485	6,514,939
- Corporate	45,062,709	38,880,878	45,062,709	38,880,878
Financial investments				
Held to Maturity	9,160,746	4,187,174	9,160,746	4,187,174
Total financial assets	**72,159,509**	**58,630,495**	**72,159,509**	**58,630,495**
Financial liabilities				
Due to banks	1,131,385	1,373,410	1,131,385	1,373,410
Due to customers	122,244,933	96,940,270	122,244,933	96,940,270
Long term loans	242,878	132,153	242,878	132,153
Total financial liabilities	**123,619,196**	**98,445,833**	**123,619,196**	**98,445,833**

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 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, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Tier 1 capital		**Restated****
Share capital (net of the treasury shares)	9,081,734	9,002,436
Reserves	2,556,950	2,553,824
Retained Earnings (Losses)	(155,160)	(155,168)
Total deductions from tier 1 capital common equity	(625,080)	(726,847)
Total qualifying tier 1 capital	**10,858,444**	**10,674,245**
Tier 2 capital		
45% of special reserve	49	1,123
45% of the Increase in fair value than the book value for available for sale and held to maturity investments	15,763	21,510
Impairment provision for loans and regular contingent liabilities	879,836	742,938
Total qualifying tier 2 capital	**895,648**	**765,571**
Total capital 1+2	**11,754,092**	**11,439,816**
Risk weighted assets and contingent liabilities		
Total credit risk	70,426,788	59,514,861
Total market risk	3,179,692	2,429,715
Total operational risk	10,064,534	8,135,709
Total	**83,671,014**	**70,080,285**
***Capital adequacy ratio (%)**	**14.05%**	**16.32%**

* Based on consolidated financial statement figures and in accordance with Central Bank of Egypt regulation issued on 24 December 2012.

** After 2013 profit distribution.

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 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 Thousands

Dec. 31, 2014	Corporate banking	SME's	Investment banking	Retail banking	Total
Revenue according to business segment	5,338,428	922,342	3,017	1,967,225	8,231,012
Expenses according to business segment	(1,425,955)	(401,102)	(15,917)	(964,254)	(2,807,228)
Profit before tax	**3,912,473**	**521,240**	**(12,900)**	**1,002,971**	**5,423,784**
Tax	(1,281,309)	(170,703)	4,225	(328,467)	(1,776,254)
Profit for the year	**2,631,164**	**350,537**	**(8,675)**	**674,504**	**3,647,530**
Total assets	**130,622,076**	**1,043,034**	**997,115**	**10,984,700**	**143,646,925**

Dec. 31, 2013	Corporate banking	SME's	Investment banking	Retail banking	Total
Revenue according to business segment	4,446,600	698,163	(58,811)	1,666,363	6,752,315
Expenses according to business segment	(1,626,607)	(316,973)	(90,548)	(877,975)	(2,912,103)
Profit before tax	**2,819,993**	**381,190**	**(149,359)**	**788,388**	**3,840,212**
Tax	(856,985)	(119,972)	-	(248,130)	(1,225,087)
Profit for the year	**1,963,008**	**261,218**	**(149,359)**	**540,258**	**2,615,125**
Total assets	**99,626,237**	**2,601,325**	**1,275,407**	**10,249,299**	**113,752,268**

5.2. By geographical segment

EGP Thousands

Dec. 31, 2014	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	6,941,749	1,027,532	261,731	8,231,012
Expenses according to geographical segment	(2,236,547)	(468,508)	(102,173)	(2,807,228)
Profit before tax	**4,705,202**	**559,024**	**159,558**	**5,423,784**
Tax	(1,540,923)	(183,077)	(52,254)	(1,776,254)
Profit for the year	**3,164,279**	**375,947**	**107,304**	**3,647,530**
Total assets	**131,734,761**	**10,839,735**	**1,072,429**	**143,646,925**

Dec. 31, 2013	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	5,746,508	907,098	98,709	6,752,315
Expenses according to geographical segment	(2,169,462)	(654,445)	(88,196)	(2,912,103)
Profit before tax	**3,577,046**	**252,653**	**10,513**	**3,840,212**
Tax	(1,138,988)	(82,660)	(3,439)	(1,225,087)
Profit for the year	**2,438,058**	**169,993**	**7,074**	**2,615,125**
Total assets	**104,134,227**	**8,163,840**	**1,454,201**	**113,752,268**

6. Net interest income

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Interest and similar income		
- Banks	216,234	201,284
- Clients	4,361,909	3,915,077
	4,578,143	**4,116,361**
Treasury bills and bonds	6,855,935	5,228,659
Reverse repos	6,456	27,136
Financial investments in held to maturity and available for sale debt instruments	109,300	137,673
Other	-	45
Total	**11,549,834**	**9,509,874**
Interest and similar expense		
- Banks	(77,885)	(91,504)
- Clients	(5,194,167)	(4,338,662)
	(5,272,052)	(4,430,166)
Financial instruments purchased with a commitment to re-sale (Repos)	-	(25,580)
Other	(2,081)	(4,367)
Total	**(5,274,133)**	**(4,460,113)**
Net interest income	**6,275,701**	**5,049,761**

7. Net fee and commission income

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Fee and commission income		
Fee and commissions related to credit	933,311	761,430
Custody fee	58,404	43,812
Other fee	640,682	511,674
Total	**1,632,397**	**1,316,916**
Fee and commission expense		
Other fee paid	(181,498)	(127,965)
Total	**(181,498)**	**(127,965)**
Net income from fee and commission	**1,450,899**	**1,188,951**

8. Dividend income

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Available for sale securities	27,502	14,109
Subsidiaries and associates	1,012	5,694
Total	**28,514**	**19,803**

9. Net trading income

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Profit (losses) from foreign exchange	258,844	442,009
Profit (losses) from revaluations of trading assets and liabilities in foreign currencies	1,569	2,708
Profit (Loss) from forward foreign exchange deals revaluation	(6,266)	(20,513)
Profit (Loss) from interest rate swaps revaluation	(1,282)	(1,098)
Profit (Loss) from currency swap deals revaluation	(38,002)	4,096
Trading debt instruments	501,421	332,508
Trading equity instruments	717	263
Total	**717,001**	**759,973**

10. Administrative expenses

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
1. Staff costs		
- Wages and salaries	(834,488)	(777,016)
- Social insurance	(44,716)	(34,796)
- Other benefits	(38,530)	(32,516)
2. Other administrative expenses	(786,766)	(605,617)
Total	**(1,704,500)**	**(1,449,945)**

11. Other operating (expenses) income

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Profits (Losses) from non-trading assets and liabilities revaluation	3,396	89,858
Profits (losses) from selling property, plant and equipment	2,106	741
Release (charges) of other provisions	(278,058)	(128,963)
Others	(453,146)	(393,228)
Total	**(725,702)**	**(431,592)**

12. Impairment (charge) release for credit losses

	Dec. 31,2014 EGP Thousands	Dec. 31,2013 EGP Thousands
Loans and advances to customers	(588,794)	(915,582)
Total	**(588,794)**	**(915,582)**

13. Adjustments to calculate the effective tax rate

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Profit before tax	5,423,784	3,840,212
Tax rate	25%-30%	25.00%
Income tax based on accounting profit	**1,627,085**	**960,053**
Add / (Deduct)		
Non-deductible expenses	39,860	196,289
Tax exemptions	(51,448)	(72,040)
Effect of provisions	165,555	140,285
Depreciation	(4,798)	500
Income tax	**1,776,254**	**1,225,087**
Effective tax rate	**32.75%**	**31.90%**

* An additional temporary tax was imposed for three years starting year 2014 by tax rate 5% over one million Egyptian pound from the taxable income amount on the juridical persons' income as per the law no. 44 of 2014.

14. Earning per share

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Net profit for the year available for distribution	3,644,902	2,716,110
Board member's bonus	(54,674)	(40,742)
Staff profit sharing	(364,490)	(271,611)
Profits shareholders' Stake	**3,225,738**	**2,403,757**
Number of shares	908,173	908,173
Basic earning per share	**3.55**	**2.65**
By issuance of ESOP earning per share will be:		
Number of shares including ESOP shares	924,749	919,211
Diluted earning per share	**3.49**	**2.62**

15. Cash and balances with Central Bank

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Cash	2,109,660	1,674,626
Obligatory reserve balance with CBE		
- Current accounts	5,392,596	3,121,614
Total	**7,502,256**	**4,796,240**
Non-interest bearing balances	**7,502,256**	**4,796,240**

16. Due from banks

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Current accounts	775,320	520,681
Deposits	8,504,576	8,372,990
Total	**9,279,896**	**8,893,671**
Central banks	4,297,194	3,225,196
Local banks	870,215	647,259
Foreign banks	4,112,487	5,021,216
Total	**9,279,896**	**8,893,671**
Non-interest bearing balances	420,477	163,772
Fixed interest bearing balances	8,859,419	8,729,899
Total	**9,279,896**	**8,893,671**
Current balances	9,279,896	8,893,671
Total	**9,279,896**	**8,893,671**

17. Treasury bills and other governmental notes

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
91 Days maturity	8,529,866	6,524,097
182 Days maturity	8,293,655	7,197,086
364 Days maturity	15,107,327	11,010,950
Unearned interest	(1,469,221)	(1,077,320)
Total 1	**30,461,627**	**23,654,813**
Reverse repos treasury bonds	77,775	-
Total 2	**77,775**	-
Net	**30,539,402**	**23,654,813**

18. Trading financial assets

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Debt instruments		
- Governmental bonds	3,335,297	2,047,967
Total	**3,335,297**	**2,047,967**
Equity instruments		
- Foreign company shares	-	8,882
- Mutual funds	150,806	136,008
Total	**150,806**	**144,890**
- Portfolio managed by others	241,468	53,491
Total financial assets for trading	**3,727,571**	**2,246,348**

19. Loans and advances to banks

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Time and term loans	132,673	153,833
Less: Impairment provision	(14,582)	(21,411)
Total	**118,091**	**132,422**
Current balances	93,035	102,220
Non-current balances	25,056	30,202
Total	**118,091**	**132,422**

Analysis for impairment provision of loans and advances to banks

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Beginning balance	21,411	29,299
Charge (release) during the year	(6,915)	(9,225)
Exchange revaluation difference	86	1,337
Ending balance	**14,582**	**21,411**

20. Loans and advances to customers

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Individual		
- Overdraft	1,438,217	1,173,943
- Credit cards	1,010,014	765,624
- Personal loans	5,729,054	4,181,386
- Mortgages	325,266	383,144
- Other loans	20,934	10,842
Total 1	**8,523,485**	**6,514,939**
Corporate		
- Overdraft	7,192,728	5,015,511
- Direct loans	25,008,383	24,125,579
- Syndicated loans	12,645,169	9,630,556
- Other loans	216,429	109,232
Total 2	**45,062,709**	**38,880,878**
Total Loans and advances to customers (1+2)	**53,586,194**	**45,395,817**
Less:		
Unamortized bills discount	(5,568)	(6,635)
Impairment provision	(3,441,757)	(2,842,840)
Unearned interest	(859,052)	(708,390)
Net loans and advances to customers	**49,279,817**	**41,837,952**
Distributed to		
Current balances	21,190,611	16,679,527
Non-current balances	28,089,206	25,158,425
Total	**49,279,817**	**41,837,952**

Analysis for impairment provision of loans and advances to customers

	Individual					
Dec. 31, 2014	**Overdraft**	**Credit cards**	**Personal loans**	**Real estate loans**	**Other loans**	**Total**
Beginning balance	9,231	8,391	82,661	13,784	3,209	117,276
Charged (Released) during the year	1,318	635	(1,538)	(5,362)	17,725	12,778
Write off during the year	-	(7,245)	-	-	-	(7,245)
Recoveries during the year	1	5,653	30	-	-	5,684
Ending balance	**10,550**	**7,434**	**81,153**	**8,422**	**20,934**	**128,493**

	Corporate				
Dec. 31, 2014	**Overdraft**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
Beginning balance	334,202	1,953,331	433,064	4,967	2,725,564
Charged (Released) during the year	155,711	221,618	205,719	(117)	582,931
Write off during the year	-	(19,982)	-	-	(19,982)
Recoveries during the year	-	4,285	-	-	4,285
Exchange revaluation difference	1,850	13,174	5,442	-	20,466
Ending balance	**491,763**	**2,172,426**	**644,225**	**4,850**	**3,313,264**

	Individual					
Dec. 31, 2013	**Overdraft**	**Credit cards**	**Personal loans**	**Real estate loans**	**Other loans**	**Total**
Beginning balance	10,753	8,328	74,436	13,377	1,091	107,985
Charged (Released) during the year	270	2,568	8,225	407	2,118	13,588
Write off during the year	(2,756)	(7,254)	-	-	-	(10,010)
Recoveries during the year	964	4,749	-	-	-	5,713
Ending balance	**9,231**	**8,391**	**82,661**	**13,784**	**3,209**	**117,276**

	Corporate				
Dec. 31, 2013	**Overdraft**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
Beginning balance	209,551	1,242,016	336,569	5,102	1,793,238
Charged (Released) during the year	118,563	663,120	129,671	(135)	911,219
Write off during the year	-	(6,811)	(81,425)	-	(88,236)
Recoveries during the year	-	13,906	31,418	-	45,324
Exchange revaluation difference	6,088	41,100	16,831	-	64,019
Ending balance	**334,202**	**1,953,331**	**433,064**	**4,967**	**2,725,564**

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, 2014 Notional amount	Dec. 31, 2014 Assets	Dec. 31, 2014 Liabilities	Dec. 31, 2013 Notional amount	Dec. 31, 2013 Assets	Dec. 31, 2013 Liabilities
Foreign currencies derivatives						
- Forward foreign exchange contracts	1,761,253	2,364	14,209	1,250,176	13,376	18,955
- Currency swap	3,928,336	19,857	47,594	1,990,431	22,576	12,312
- Options	319,390	3,887	3,713	38,331	13,794	13,794
Total 1		**26,108**	**65,516**		**49,746**	**45,061**
Interest rate derivatives						
- Interest rate swaps	278,504	1,575	434	389,502	6,679	3,744
Total 2		**1,575**	**434**		**6,679**	**3,744**
- Commodity 3	1,041	-	-	-	-	-
Total assets (liabilities) for trading derivatives (1+2+3)		**27,683**	**65,950**		**56,425**	**48,805**

21.1.2. Fair value hedge

	Dec. 31, 2014 Notional amount	Dec. 31, 2014 Assets	Dec. 31, 2014 Liabilities	Dec. 31, 2013 Notional amount	Dec. 31, 2013 Assets	Dec. 31, 2013 Liabilities
Interest rate derivatives						
- Governmental debt instruments hedging	621,189	-	63,402	603,658	-	57,476
- Customers deposits hedging	4,276,937	24,505	7,823	3,847,747	46,660	8,598
Total 4		**24,505**	**71,225**		**46,660**	**66,074**
Total financial derivatives (1+2+3+4)		**52,188**	**137,175**		**103,085**	**114,879**

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 63,402 thousand at December 31, 2014 against EGP 57,476 thousand at the December 31, 2013, Resulting in net losses form hedging instruments at December 31, 2014 EGP 5,926 thousand against net gain EGP 40,233 thousand at the December 31, 2013. Losses arises from the hedged items at December 31, 2014 reached EGP 232 thousand against losses arises EGP 48,857 thousand at December 31, 2013.

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 16,682 thousand at the end of December 31, 2014 against EGP 38,063 thousand at December 31, 2013, Resulting in net losses form hedging instruments at December 31, 2014 EGP 21,380 thousand against net losses EGP 52,093 thousand at December 31, 2013. Gains arises from the hedged items at December 31, 2014 reached EGP 45,094 thousand against gains EGP 60,224 thousand at December 31 , 2013.

22. Financial investments

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Available for sale		
- Listed debt instruments with fair value	27,249,861	22,556,423
- Listed equity instruments with fair value	87,770	86,327
- Unlisted instruments	350,779	720,751
Total	**27,688,410**	**23,363,501**
Held to maturity		
- Listed debt instruments	9,133,233	4,159,661
- Unlisted instruments	27,513	27,513
Total	**9,160,746**	**4,187,174**
Total financial investment	**36,849,156**	**27,550,675**
- Actively traded instruments	35,603,511	25,948,390
- Not actively traded instruments	1,245,645	1,602,285
Total	**36,849,156**	**27,550,675**
Fixed interest debt instruments	35,211,927	25,791,803
Floating interest debt instruments	1,171,168	1,097,845
Total	**36,383,095**	**26,889,648**

	Available for sale financial investments	Held to maturity financial investments	Total EGP Thousands
Beginning balance	21,161,884	4,205,753	25,367,637
Addition	7,463,492	-	7,463,492
Deduction (selling - redemptions)	(4,518,398)	(18,579)	(4,536,977)
Exchange revaluation differences for foreign financial assets	124,231	-	124,231
Profit (losses) from fair value difference	(834,814)	-	(834,814)
Impairment (charges) release	(32,894)	-	(32,894)
Ending Balance	**23,363,501**	**4,187,174**	**27,550,675**
Beginning balance	23,363,501	4,187,174	27,550,675
Addition	9,080,132	4,973,572	14,053,704
Deduction (selling - redemptions)	(4,854,894)	-	(4,854,894)
Exchange revaluation differences for foreign financial assets	38,176	-	38,176
Profit (losses) from fair value difference	121,246	-	121,246
Impairment (charges) release	(59,751)	-	(59,751)
Ending Balance	**27,688,410**	**9,160,746**	**36,849,156**

22.1. Profit (Losses) from financial investments

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Profit (Loss) from selling available for sale financial instruments	82,907	1,656
Impairment release (charges) of available for sale equity instruments	(59,751)	(32,894)
Impairment release (charges) of subsidiaries and associates	(52,480)	(349,909)
Profit (Loss) from selling held to maturity debt investments	(11)	(10)
Total	**(29,335)**	**(381,157)**

23. Investments in subsidiary and associates

Dec. 31, 2014	Company's country	Company's assets	Company's liabilities (without equity)	Company's revenues	Company's net profit	Investment book value EGP Thousands	Stake %
Subsidiaries							
- CI Capital Holding	Egypt	1,438,265	1,031,208	289,183	89,855	428,011	99.98
Associates							
- Commercial International Life Insurance	Egypt	2,861,447	2,762,148	267,286	8,671	49,020	45
- Corplease	Egypt	2,374,952	2,148,954	413,070	22,437	75,055	43
- Haykala for investment	Egypt	4,742	236	276	155	600	40
- Egypt Factors	Egypt	401,466	345,515	33,711	(1,488)	-	39
- International Co. for Security and Services (Falcon)	Egypt	141,818	102,994	148,811	8,229	12,000	40
Total		**7,222,690**	**6,391,055**	**1,152,337**	**127,859**	**564,686**	

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 Thousands	Stake %
Subsidiaries							
- CI Capital Holding	Egypt	633,508	316,494	140,939	456	428,011	99.98
Associates							
- Commercial International Life Insurance	Egypt	2,202,121	2,124,147	302,443	5,621	49,020	45
- Corplease	Egypt	1,921,221	1,723,877	378,253	16,885	75,055	43
- Haykala for Investment	Egypt	4,574	199	581	479	600	40
- Egypt Factors	Egypt	434,219	379,405	32,680	426	40,591	39
- International Co. for Security and Services (Falcon)	Egypt	126,868	104,633	120,222	5,344	6,000	40
Total		**5,322,511**	**4,648,755**	**975,118**	**29,211**	**599,277**	

24. Investment property *

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Land No. A2-Q46 Al-koseer Marsa Allam	2,642	-
Land, warehouse, 9 property and 2 housing units Al-koseer Marsa Allam	65,950	-
Land No. M8A and M8A8 and M9A Al-koseer Marsa Allam	815,502	-
Total	**884,094**	-

* Including non registered properties by EGP 884,094 thousand 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, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Accrued revenues	1,871,618	1,703,815
Prepaid expenses	102,250	106,470
Advances to purchase of fixed assets	145,170	134,327
Accounts receivable and other assets	1,590,106	906,537
Assets acquired as settlement of debts	27,351	29,942
Insurance and Testament	8,867	8,400
Total	**3,745,362**	**2,889,491**

26. Property, plant and equipment

Dec. 31, 2014

	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total EGP Thousands
Beginning gross assets (1)	64,500	639,834	993,148	59,582	397,337	324,359	121,276	2,600,036
Additions (deductions) during the year	209	74,318	66,584	5,897	45,456	34,635	4,429	231,528
Ending gross assets (2)	**64,709**	**714,152**	**1,059,732**	**65,479**	**442,793**	**358,994**	**125,705**	**2,831,564**
Accu.depreciation at beginning of the year (3)	-	205,796	714,410	34,695	316,933	259,018	104,645	1,635,497
Current year depreciation	-	31,589	81,088	4,266	53,664	34,977	8,187	213,771
Accu.depreciation at end of the year (4)	-	**237,385**	**795,498**	**38,961**	**370,597**	**293,995**	**112,832**	**1,849,268**
Ending net assets (2-4)	**64,709**	**476,767**	**264,234**	**26,518**	**72,196**	**64,999**	**12,873**	**982,296**
Beginning net assets (1-3)	**64,500**	**434,038**	**278,738**	**24,887**	**80,404**	**65,341**	**16,631**	**964,539**
Depreciation rates		**%5**	**%33.3**	**%20**	**%33.3**	**%20**	**%20**	

Net fixed assets value on the balance sheet date includes EGP 65,376 thousand non registered assets while their registrations procedures are in process.

27. Due to banks

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Current accounts	945,684	1,038,717
Deposits	185,701	334,693
Total	**1,131,385**	**1,373,410**
Central banks	12,386	3,854
Local banks	221,043	313,338
Foreign banks	897,956	1,056,218
Total	**1,131,385**	**1,373,410**
Non-interest bearing balances	899,657	1,026,036
Fixed interest bearing balances	231,728	347,374
Total	**1,131,385**	**1,373,410**
Current balances	945,684	1,038,717
Non-current balances	185,701	334,693
Total	**1,131,385**	**1,373,410**

28. Due to customers

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Demand deposits	30,772,031	23,043,882
Time deposits	35,408,462	30,507,693
Certificates of deposit	31,001,139	25,259,129
Saving deposits	21,603,688	16,786,188
Other deposits	3,459,613	1,343,378
Total	**122,244,933**	**96,940,270**
Corporate deposits	62,204,313	48,394,255
Individual deposits	60,040,620	48,546,015
Total	**122,244,933**	**96,940,270**
Non-interest bearing balances	20,995,342	16,520,501
Fixed interest bearing balances	101,249,591	80,419,769
Total	**122,244,933**	**96,940,270**
Current balances	88,570,065	70,300,955
Non-current balances	33,674,868	26,639,315
Total	**122,244,933**	**96,940,270**

29. Long term loans

	Interest rate %	Maturity date	Maturing through next year EGP Thousands	Balance on Dec. 31, 2014 EGP Thousands	Balance on Dec. 31, 2013 EGP Thousands
Financial Investment & Sector Cooperation (FISC)	3.5 - 5.5 depends on maturity date	3-5 years	-	-	556
Environmental Compliance Project (ECO)	3.5 - 5.5 depends on maturity date	3-5 years	1,315	1,690	-
Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	83,811	105,075	31,380
Social Fund for Development (SFD)	3 months T/D or 9% which is more		57,222	136,113	100,217
Total			**142,348**	**242,878**	**132,153**

30. Other liabilities

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Accrued interest payable	636,876	574,522
Accrued expenses	458,842	331,204
Accounts payable	1,160,511	471,928
Other credit balances	285,736	68,393
Total	**2,541,965**	**1,446,047**

31. Other provisions

Dec. 31, 2014	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance EGP Thousands
Provision for income tax claims	6,910	-	-	-	-	6,910
Provision for legal claims	28,772	13,143	18	(1,230)	(456)	40,247
Provision for Stamp Duty	31,000	-	-	-	-	31,000
Provision for contingent	362,720	261,689	(3,863)	-	-	620,546
* Provision for other claim	21,353	3,682	(12)	(5,370)	-	19,653
Total	**450,755**	**278,514**	**(3,857)**	**(6,600)**	**(456)**	**718,356**

Dec. 31, 2013	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance EGP Thousands
Provision for income tax claims	6,910	-	-	-	-	6,910
Provision for legal claims	28,364	1,094	2	(546)	(142)	28,772
Provision for Stamp Duty	-	31,000	-	-	-	31,000
Provision for contingent	257,900	88,074	16,746	-	-	362,720
Provision for other claim	17,474	8,936	31	(5,088)	-	21,353
Total	**310,648**	**129,104**	**16,779**	**(5,634)**	**(142)**	**450,755**

* Provision for other claim formed on December 31, 2014 amounted to EGP 3,682 thousand to face the potential risk of banking operations against amount EGP 8,936 thousand on December 31, 2013 .

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 9,081,734 thousand to be divided on 908,173 thousand shares with EGP 10 par value for each share based on:

- Increase issued and Paid in Capital by amount EGP 33,119 thousand 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 thousand 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 thousand On April 7,2013 to reach EGP 6,001,624 thousand 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 3,000,812 thousand 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.
- Increase issued and Paid in Capital by amount EGP 79,299 thousand On March 23,2014 to reach EGP 9,081,734 thousand according to Board of Directors decision on December 10, 2013 by issuance of fourth tranch for E.S.O.P program.
- 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:

	Assets (Liabilities) Dec. 31, 2014 EGP Thousands	Assets (Liabilities) Dec. 31, 2013 EGP Thousands
Fixed assets (depreciation)	(26,145)	(23,992)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	17,970	12,531
Other investments impairment	82,888	49,219
Reserve for employee stock ownership plan (ESOP)	47,397	45,997
Total	**122,110**	**83,755**

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 year are as follows:

	Dec. 31, 2014 No. of shares in thousand	Dec. 31, 2013 No. of shares in thousand
Outstanding at the beginning of the year	23,918	15,440
Granted during the year	7,038	12,245
Forfeited during the year	(1,154)	(832)
Exercised during the year	(7,930)	(2,935)
Outstanding at the end of the year	**21,872**	**23,918**

Details of the outstanding tranches are as follows:

Maturity date	EGP Exercise price	EGP Fair value *	No. of shares in thousand
2015	10.00	6.65	9,475
2016	10.00	16.84	5,636
2017	10.00	22.84	6,761
Total			**21,872**

The fair value of granted shares is calculated using Black-Scholes pricing model with the following:

	8th tranche	7th tranche
Exercise price	10	10
Current share price	32.58	34.57
Expected life (years)	3	3
Risk free rate %	12.40%	14.49%
Dividend yield%	3.07%	2.89%
Volatility%	35%	40%

Volatility is calculated based on the daily standard deviation of returns for the last three years.

35. Reserves and retained earnings (losses)

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Legal reserve	621,084	490,365
General reserve	1,850,648	406,242
Special reserve	28,108	27,367
Reserve for A.F.S investments revaluation difference	(593,237)	(720,468)
Banking risks reserve	2,513	1,991
Total	**1,909,116**	**205,497**

35.1. Banking risks reserve

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Beginning balance	1,991	103,717
Transferred from profits	522	(101,726)
Ending balance	**2,513**	**1,991**

35.2. Legal reserve

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Beginning balance	490,365	380,349
Transferred from previous year profits	130,719	110,016
Ending balance	**621,084**	**490,365**

35.3. Reserve for A.F.S investments revaluation difference

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Beginning balance	(720,468)	153,507
Unrealized gains (losses) from A.F.S investment revaluation	127,231	(873,975)
Ending balance	**(593,237)**	**(720,468)**

35.4. Retained earnings (losses)

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Beginning balance	-	1,002
Dividend previous year	-	(1,002)
Ending balance	-	-

36. Cash and cash equivalent

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Cash and balances with Central Bank	7,502,256	4,796,240
Due from banks	9,279,896	8,893,671
Treasury bills and other governmental notes	30,539,402	23,654,812
Obligatory reserve balance with CBE	(3,497,164)	(3,224,659)
Due from banks (time deposits) more than three months	(5,007,412)	(5,148,331)
Treasury bills with maturity more than three months	(22,110,186)	(17,212,737)
Total	**16,706,792**	**11,758,996**

37. Contingent liabilities and commitments

37.1. Legal claims

There are a number of existing cases filed against the bank on December 31,2014 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 26,991 thousand as follows:

EGP Thousands	Investments value	Paid	Remaining
Available for sale financial investments	88,658	61,666	**26,991**

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 21,801 thousand.

37.3. Letters of credit, guarantees and other commitments

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Letters of guarantee	23,262,617	14,959,373
Letters of credit (import and export)	1,289,834	750,766
Customers acceptances	757,509	472,351
Total	**25,309,960**	**16,182,490**

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Loans commitments (Customers limit authorized not utilized)	18,061,344	17,335,889

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 21,767,210 with redeemed value EGP 5,075,460 thousands.
- The market value per certificate reached EGP 233.17 on December 31, 2014.
- The Bank portion got 601,064 certificates with redeemed value EGP 140,150 thousands.

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 2,165,060 with redeemed value EGP 210,790 thousands.
- The market value per certificate reached EGP 97.36 on December 31, 2014.
- The Bank portion got 194,744 certificates with redeemed value EGP 18,960 thousands.

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 792,639 with redeemed value EGP 46,219 thousands.
- The market value per certificate reached EGP 58.31 on December 31, 2014.
- The Bank portion got 71,943 certificates with redeemed value EGP 4,195 thousands.

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 170,505 with redeemed value EGP 25,893 thousands.
- The market value per certificate reached EGP 151.86 on December 31, 2014.
- The Bank portion got 50,000 certificates with redeemed value EGP 7,593 thousands.

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 1,128,851 with redeemed value EGP 163,604 thousands.
- The market value per certificate reached EGP 144.93 on December 31, 2014.
- The Bank portion got 52,404 certificates with redeemed value EGP 7,595 thousands.

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 Thousands
Loans and advances	930,665
Deposits	461,488
Contingent liabilities	118,289

39.2. Other transactions with related parties

	Income EGP Thousands	Expenses EGP Thousands
International Co. for Security & Services	911	49,296
Corplease Co.	41,715	31,338
Commercial International Life Insurance Co.	5,028	3,300
Commercial International Brokerage Co.	31,006	18,957
Dynamics Company	1,536	1,063
Egypt Factors	20,957	15,597
CI Assets Management	248	59
Commercial International Capital Holding Co.	33,494	25,836

40. Main currencies positions

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Egyptian pound	(141,124)	(34,719)
US dollar	63,391	6,897
Sterling pound	(279)	21,249
Japanese yen	20	242
Swiss franc	(442)	(297)
Euro	2,348	2,247

41. Tax status

Corporate income tax

The Bank's corporate income tax position has been examined, paid 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 has been examined, paid and settled 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, paid and settled with the tax authority from Year 2001 up to Year 2006.

The Bank's corporate income tax position has been examined and paid with the tax authority from Year 2007-2012.

Salary tax

The Bank's salary tax has been examined, paid and settled from the beginning of the activity until the end of 2010.

The Bank's salary tax has been examined and paid for the period 2011-2012.

The Bank's salary tax under examination for the year 2013.

Stamp duty tax

The Bank stamp duty tax has been examined and paid from the beginning of the activity until 31/7/2006 and the disputes are under discussion in the court of law and the tax appeal committee.

The Bank stamp duty tax were examined stamp tax for the period from 1/8/2006 until 31/12/2010 according to law No. 143 for the year 2006 points of disagreement were converted into internal committee.

The Bank's stamp duty tax position under examination for the period from 2011 until the first quarter of 2013.

Allied for Accounting & Auditing EY
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 2014, 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 EY
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, 2014 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

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

Cairo, 10 February 2015

Commercial International Bank (Egypt) S.A.E

Consolidated balance sheet on December 31, 2014

	Notes	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Assets			
Cash and balances with Central Bank	15	7,502,256	4,796,240
Due from banks	16	9,521,999	9,003,951
Treasury bills and other governmental notes	17	30,548,890	23,665,429
Trading financial assets	18	3,762,718	2,295,220
Loans and advances to banks	19	118,091	132,422
Loans and advances to customers	20	48,685,630	41,733,252
Derivative financial instruments	21	52,188	103,085
Financial investments			
- Available for sale	22	27,702,122	23,378,104
- Held to maturity	22	9,160,746	4,197,177
Investments in associates	23	181,661	192,753
Brokerage clients - debit balances		771,611	270,811
Reconciliation accounts- debit balances		-	28,779
Investment property	24	884,094	-
Other assets	25	3,814,075	2,902,039
Deferred tax	33	121,737	83,557
Property, plant and equipment	26	985,504	969,176
Total assets		**143,813,322**	**113,751,995**
Liabilities and equity			
Liabilities			
Due to banks	27	1,131,385	1,373,410
Due to customers	28	121,974,959	96,845,683
Brokerage clients - credit balances		360,145	167,379
Reconciliation accounts - credit balances		8,975	-
Derivative financial instruments	21	137,175	114,879
Current income tax obligations		1,814,609	1,179,709
Other liabilities	30	2,609,452	1,476,957
Long term loans	29	242,878	132,153
Other provisions	31	730,312	454,699
Total liabilities		**129,009,890**	**101,744,869**
Equity			
Issued and paid in capital	32	9,081,734	9,002,435
Reserves	32	1,908,443	307,060
Reserve for employee stock ownership plan (ESOP)		177,765	190,260
Retained earnings (losses)		(155,160)	(546,531)
Total equity		**11,012,782**	**8,953,224**
Net profit for the year after tax		3,741,456	3,006,488
Total equity and net profit for year		**14,754,238**	**11,959,712**
Minority interest		49,194	47,414
Total minority interest , equity and net profit for year		**14,803,432**	**12,007,126**
Total liabilities , equity and minority interest		**143,813,322**	**113,751,995**
Contingent liabilities and commitments			
Letters of credit, guarantees and other commitments	37	25,309,960	16,182,440

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

Hisham Ezz Al-Arab
Chairman and Managing Director

Commercial International Bank (Egypt) S.A.E

Consolidated income statement for the year ended on December 31, 2014

	Notes	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Interest and similar income		11,544,829	9,520,697
Interest and similar expense		(5,289,793)	(4,466,949)
Net interest income	6	**6,255,036**	**5,053,748**
Fee and commission income		1,892,119	1,436,107
Fee and commission expense		(182,135)	(128,827)
Net fee and commission income	7	**1,709,984**	**1,307,280**
Dividend income	8	32,270	16,915
Net trading income	9	718,261	767,392
Profit (Losses) from financial investments	22	(29,122)	(28,672)
Administrative expenses	10	(1,875,672)	(1,574,369)
Other operating (expenses) income	11	(710,135)	(438,906)
Impairment (charge) release for credit losses	12	(588,794)	(915,582)
Intangible Assets Amortization		-	(33,422)
Bank's share in the profits of associates		24,510	22,097
Profit before income tax		**5,536,338**	**4,176,481**
Income tax expense	13	(1,831,273)	(1,182,253)
Deferred tax	33 & 13	38,180	12,149
Net profit for the year		**3,743,245**	**3,006,377**
Minority interest		1,789	(111)
Bank shareholders		**3,741,456**	**3,006,488**
Earning per share	**14**		
Basic		3.55	2.65
Diluted		3.49	2.62

Hisham Ezz Al-Arab
Chairman and Managing Director

Commercial International Bank (Egypt) S.A.E

Consolidated cash flow for the year ended on December 31, 2014

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Cash flow from operating activities		
Profit before income tax	5,536,338	4,176,481
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	218,322	206,979
Impairment charge for credit losses	588,794	915,582
Other provisions charges	286,724	132,957
Trading financial investments revaluation differences	(4,957)	11,861
Intangible assets amortization	-	33,422
Available for sale and held to maturity investments exchange revaluation differences	(38,176)	(124,230)
Financial investments impairment charge (release)	65,748	(6,136)
Utilization of other provisions	(6,798)	(10,383)
Other provisions no longer used	(456)	(142)
Exchange differences of other provisions	(3,857)	16,778
Profits from selling property, plant and equipment	(2,106)	(741)
Profits from selling financial investments	(83,131)	(4,363)
Shares based payments	99,857	89,182
Investments in associates revaluation	27,969	(20,027)
Operating profits before changes in operating assets and liabilities	**6,684,271**	**5,417,220**
Net decrease (increase) in assets and liabilities		
Due from banks	(131,636)	(642,434)
Treasury bills and other governmental notes	(4,897,448)	(9,149,658)
Trading financial assets	(1,462,541)	(783,020)
Derivative financial instruments	73,193	30,154
Loans and advances to banks and customers	(7,526,841)	(904,075)
Other assets	(1,373,214)	(543,895)
Due to banks	(242,025)	(341,453)
Due to customers	25,129,276	18,116,562
Income tax obligations paid	(1,179,709)	(819,362)
Other liabilities	1,317,572	275,584
Net cash provided from operating activities	**16,390,898**	**10,655,623**
Cash flow from investing activities		
Purchase of subsidiary and associates	(16,877)	(7,527)
Purchases of property, plant and equipment	(243,387)	(529,367)
Redemption of held to maturity financial investments	-	18,611
Purchases of held to maturity financial investments	(4,963,569)	-
Purchases of available for sale financial investments	(9,079,241)	(7,463,492)
Proceeds from selling available for sale financial investments	4,938,025	4,523,701
Purchases of real estate investments	(884,094)	-
Net cash generated from (used in) investing activities	**(10,249,143)**	**(3,458,074)**
Cash flow from financing activities		
Increase (decrease) in long term loans	110,725	51,658
Dividend paid	(1,253,338)	(1,055,843)
Capital increase	79,299	29,348
Net cash generated from (used in) financing activities	**(1,063,314)**	**(974,837)**
Net increase (decrease) in cash and cash equivalent during the year	5,078,441	6,222,712
Beginning balance of cash and cash equivalent	11,879,893	5,665,914
Cash and cash equivalent at the end of the year	**16,958,334**	**11,888,626**

Commercial International Bank (Egypt) S.A.E

Consolidated cash flow for the year ended on December 31, 2014 (Cont.)

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Cash and cash equivalent comprise:		
Cash and balances with Central Bank	7,502,256	4,804,974
Due from banks	9,521,999	9,003,951
Treasury bills and other governmental notes	30,548,890	23,665,429
Obligatory reserve balance with CBE	(3,497,164)	(3,224,659)
Due from banks (time deposits) more than three months	(5,007,462)	(5,148,331)
Treasury bills with maturity more than three months	(22,110,185)	(17,212,738)
Total cash and cash equivalent	**16,958,334**	**11,888,626**

Commercial International Bank (Egypt) S.A.E

Consolidated statement of changes in shareholders' equity for the year ended on December 31, 2014

Dec. 31, 2014	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 Shareholders Equity	Minority Interest	Total EGP Thousands
Beginning balance	**9,002,435**	**490,365**	**406,090**	**(546,531)**	**27,367**	**(720,479)**	**1,991**	**3,108,214**	**190,260**	**11,959,712**	**47,414**	**12,007,126**
Capital increase	79,299	-	-	-	-	-	-	-	-	79,299	-	79,299
Transferred to reserves	-	130,719	1,444,406	-	741	-	-	(1,463,514)	(112,352)	-	-	-
Transferred to retained earnings (losses)	-	-	-	391,362	-	-	-	(391,362)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	(1,253,338)	-	(1,253,338)	-	(1,253,338)
Net profit of the year	-	-	-	-	-	-	-	3,741,456	-	3,741,456	1,789	3,743,245
Change in owner ship percentage	-	-	-	9	-	-	-	-	-	9	(9)	-
Net change at fair value of AFS financial investment	-	-	-	-	-	127,243	-	-	-	127,243	-	127,243
Transferred (from) to bank risk reserve	-	-	-	-	-	-	522	(522)	-	-	-	-
Reserve for employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	99,857	99,857	-	99,857
Balance at the end of the year	**9,081,734**	**621,084**	**1,850,496**	**(155,160)**	**28,108**	**(593,236)**	**2,513**	**3,740,934**	**177,765**	**14,754,238**	**49,194**	**14,803,432**

Commercial International Bank (Egypt) S.A.E

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

Mar. 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 Shareholders Equity	Minority Interest	Total EGP Thousands
Beginning balance	**5,972,275**	**380,349**	**2,036,955**	**(568,853)**	**117,806**	**153,365**	**103,717**	**2,404,153**	**164,761**	**10,764,528**	**47,520**	**10,812,048**
Capital increase	3,030,160	-	(3,000,812)	-	-	-	-	-	-	29,348	-	29,348
Transferred to reserves	-	110,016	1,277,121	-	2,387	-	-	(1,325,842)	(63,682)	-	-	-
Transferred to retained earnings (losses)	-	-	-	23,470	-	-	-	(23,470)	-	-	-	-
Dividend paid	-	-	-	(1,002)	-	-	-	(1,054,841)	-	(1,055,843)	-	(1,055,843)
Net profit of the year	-	-	-	-	-	-	-	3,006,488	-	3,006,488	(111)	3,006,377
Transfer from special reserve	-	-	92,826	-	(92,826)	-	-	-	-	-	-	-
Change in owner ship percentage	-	-	-	(146)	-	-	-	-	-	(146)	5	(141)
Net change at fair value of AFS financial investment	-	-	-	-	-	(873,844)	-	-	-	(873,844)	-	(873,844)
Transferred (from) to bank risk reserve	-	-	-	-	-	-	(101,726)	101,726	-	-	-	-
Reserve for employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	89,181	89,181	-	89,181
Balance at the end of the year	**9,002,435**	**490,365**	**406,090**	**(546,531)**	**27,367**	**(720,479)**	**1,991**	**3,108,214**	**190,260**	**11,959,712**	**47,414**	**12,007,126**

Notes to the consolidated financial statements for the year ended on December 31, 2014

1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 135 branches, and 26 units employing 5403 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, 2014 the Bank directly owns 54,988,500 shares representing 99.98% of CI Capital Holding Company's capital and on December 31, 2014 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.

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 as available for sale, the value is measured at cost less impairment.

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:

	December 31, 2014		December 31, 2013	
Bank's rating	**Loans and advances (%)**	**Impairment provision (%)**	**Loans and advances (%)**	**Impairment provision (%)**
1-Performing loans	86.55	33.91	87.65	31.49
2-Regular watching	6.77	11.24	4.93	5.32
3-Watch list	1.97	5.53	3.44	19.93
4-Non-Performing Loans	4.71	49.32	3.98	43.26

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:

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, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Treasury bills and other governmental notes	30,471,115	23,665,429
Trading financial assets:		
- Debt instruments	3,370,444	2,096,838
Gross loans and advances to banks	132,673	153,833
Less: Impairment provision	(14,582)	(21,411)
Gross loans and advances to customers		
Individual:		
- Overdraft	1,438,217	1,173,943
- Credit cards	1,010,014	765,624
- Personal loans	5,729,054	4,181,386
- Mortgages	325,266	383,144
- Other loans	20,934	10,842
Corporate:		
- Overdraft	6,598,541	5,015,511
- Direct loans	25,008,383	24,125,579
- Syndicated loans	12,645,169	9,630,556
- Other loans	216,429	109,232
Unamortized bills discount	(5,568)	(6,635)
Impairment provision	(3,441,757)	(2,842,840)
Unearned interest	(859,052)	(708,390)
Derivative financial instruments	52,188	103,085
Financial investments:		
-Debt instruments	36,383,095	26,899,651
-Investments in associates	181,661	192,753
Total	**119,262,224**	**94,928,130**
Off balance sheet items exposed to credit risk		
Financial guarantees	2,453,307	2,480,060
Customers acceptances	757,509	472,351
Letter of credit	1,289,834	750,766
Letter of guarantee	23,262,617	14,959,323
Total	**27,763,267**	**18,662,500**

The above table represents the Bank Maximum exposure to credit risk on December 31, 2014, 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 40.97% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represents 33.33%.

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:

- 93.32% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- 95.34% of loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed individualy are valued EGP 2,501,700.
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on December 31, 2014.
- 96.46% 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, 2014 EGP Thousands		Dec. 31, 2013 EGP Thousands	
	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	48,117,365	107,617	40,727,364	123,630
Past due but not impaired	2,397,998	-	2,790,527	-
Individually impaired	2,476,644	25,056	1,773,225	30,203
Gross	**52,992,007**	**132,673**	**45,291,116**	**153,833**
Less:				
Impairment provision	3,441,757	14,582	2,842,840	21,411
Unamortized bills discount	5,568	-	6,634	-
Unearned interest	859,052	-	708,390	-
Net	**48,685,630**	**118,091**	**41,733,252**	**132,422**

Impairment provision losses for loans and advances reached EGP 3,456,339 thousand.

During the year the Bank's total loans and advances increased by 16.90% .

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 (after deducting impairment provision):

Dec. 31, 2014 — EGP Thousands

Grades:	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
Performing loans	1,381,095	977,165	5,488,286	315,362	-	5,573,611	19,699,277	11,070,532	194,013	44,699,341	106,761
Regular watching	30,404	17,128	77,868	-	-	313,197	2,272,382	479,924	17,566	3,208,469	-
Watch list	5,062	5,307	31,441	-	-	47,847	390,506	376,653	-	856,816	-
Non-performing loans	11,106	2,980	50,306	1,482	-	172,123	473,792	73,835	-	785,624	11,330
Total	**1,427,667**	**1,002,580**	**5,647,901**	**316,844**	**-**	**6,106,778**	**22,835,957**	**12,000,944**	**211,579**	**49,550,250**	**118,091**

Dec. 31, 2013 — EGP Thousands

Grades:	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
Performing loans	1,094,592	736,701	3,996,265	366,844	-	4,302,792	19,559,701	8,665,940	103,048	38,825,883	121,253
Regular watching	51,118	14,364	44,548	-	-	69,766	1,439,447	459,723	713	2,079,679	-
Watch list	10,008	3,895	24,519	-	7,100	126,847	811,646	5,446	-	989,461	-
Non-performing loans	8,994	2,273	33,393	2,516	533	77,204	361,454	66,383	503	553,253	11,169
Total	**1,164,712**	**757,233**	**4,098,725**	**369,360**	**7,633**	**4,576,609**	**22,172,248**	**9,197,492**	**104,264**	**42,448,276**	**132,422**

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, 2014	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Past due up to 30 days	351,021	173,064	12,587	1,219	537,891	581,077	871,089	92,962	1,545,128
Past due 30 - 60 days	30,457	17,945	4,594	97	53,093	22,336	33,806	-	56,142
Past due 60 - 90 days	5,129	6,286	3,569	5	14,989	99,627	91,128	-	190,755
Total	**386,607**	**197,295**	**20,750**	**1,321**	**605,973**	**703,040**	**996,023**	**92,962**	**1,792,025**

Dec. 31, 2013	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Past due up to 30 days	282,864	145,913	9,383	742	438,902	1,309,119	749,248	22,884	2,081,251
Past due 30 - 60 days	51,211	15,127	2,852	199	69,389	20,300	17,617	-	37,917
Past due 60 - 90 days	10,050	4,646	2,705	16	17,417	79,699	65,952	-	145,651
Total	**344,125**	**165,686**	**14,940**	**957**	**525,708**	**1,409,118**	**832,817**	**22,884**	**2,264,819**

Individually impaired loans

Loans and advances individually assessed without taking into consideration cash flows from guarantees are totaled EGP 2,501,700 thousand.

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, 2014	Individual					Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Individually impaired loans	17,136	5,369	106,254	6,791	20,926	518,995	1,542,051	284,178	-	2,501,700

Dec. 31, 2013	Individual					Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Individually impaired loans	14,563	5,940	102,519	13,066	1,385	262,467	1,128,085	272,229	3,174	1,803,428

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, 2014	Dec. 31, 2013
Loans and advances to customer		
Corporate		
- Direct loans	3,243,393	2,950,132
Total	**3,243,393**	**2,950,132**

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 Thousands

Dec. 31, 2014	Treasury bills and other gov. notes	Trading financial debt instruments	Non-trading financial debt instruments	Total
AAA	-	-	866,024	866,024
AA- to AA+	-	-	231,004	231,004
A- to A+	-	-	75,469	75,469
Lower than A-	-	35,147	973,469	1,008,616
Unrated	30,548,890	3,335,297	34,237,129	68,121,316
Total	**30,548,890**	**3,370,444**	**36,383,095**	**70,302,429**

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, 2014	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Treasury bills and other governmental notes	30,471,115	-	-	30,471,115
Trading financial assets:				
- Debt instruments	3,370,444	-	-	3,370,444
Gross loans and advances to banks	132,673	-	-	132,673
Less:Impairment provision	(14,582)	-	-	(14,582)
Gross loans and advances to customers				
Individual:				
- Overdrafts	914,041	369,149	155,027	1,438,217
- Credit cards	848,436	150,098	11,480	1,010,014
- Personal loans	3,619,793	1,719,194	390,067	5,729,054
- Mortgages	273,295	45,098	6,873	325,266
- Other loans	20,934	-	-	20,934
Corporate:				
- Overdrafts	5,571,965	918,164	108,412	6,598,541
- Direct loans	18,269,216	6,364,643	374,524	25,008,383
- Syndicated loans	11,990,771	654,398	-	12,645,169
- Other loans	196,029	20,400	-	216,429
Unamortized bills discount	(5,568)	-	-	(5,568)
Impairment provision	(3,441,757)	-	-	(3,441,757)
Unearned interest	(612,291)	(244,534)	(2,227)	(859,052)
Derivative financial instruments	52,188	-	-	52,188
Financial investments:				
-Debt instruments	36,383,095	-	-	36,383,095
-Investments in associates	181,661	-	-	181,661
Total	**108,221,458**	**9,996,610**	**1,044,156**	**119,262,224**

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 Thousands

Dec. 31, 2014	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Treasury bills and other governmental notes	-	-	-	-	30,471,115	-	-	30,471,115
Trading financial assets:								
- Debt instruments	-	-	-	-	3,370,444	-	-	3,370,444
Gross loans and advances to banks	132,673	-	-	-	-	-	-	132,673
Less:Impairment provision	(14,582)	-	-	-	-	-	-	(14,582)
Gross loans and advances to customers								
Individual:								
- Overdrafts	-	-	-	-	-	-	1,438,217	1,438,217
- Credit cards	-	-	-	-	-	-	1,010,014	1,010,014
- Personal loans	-	-	-	-	-	-	5,729,054	5,729,054
- Mortgages	-	-	-	-	-	-	325,266	325,266
- Other loans	-	-	-	-	-	-	20,934	20,934
Corporate:								
- Overdrafts	11,072	2,543,102	395,916	656,655	947,673	2,044,123	-	6,598,541
- Direct loans	997,549	12,362,815	-	375,014	2,913,759	8,359,246	-	25,008,383
- Syndicated loans	-	6,372,753	510,613	-	3,310,954	2,450,849	-	12,645,169
- Other loans	15,000	188,629	-	11,110	-	1,690	-	216,429
Unamortized bills discount	(5,568)	-	-	-	-	-	-	(5,568)
Impairment provision	(20,118)	(1,895,771)	(12,627)	(9,565)	(10,071)	(1,348,792)	(144,813)	(3,441,757)
Unearned interest	(117,189)	(453,740)	-	(17)	-	(275,780)	(12,326)	(859,052)
Derivative financial instruments	52,188	-	-	-	-	-	-	52,188
Financial investments:								
-Debt instruments	1,172,498	-	-	-	35,210,597	-	-	36,383,095
- Investments in subsidiary and associates	181,661	-	-	-	-	-	-	181,661
Total	**2,405,184**	**19,117,788**	**893,902**	**1,033,197**	**76,214,471**	**11,231,336**	**8,366,346**	**119,262,224**

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 Thousands

	Dec. 31, 2014			Dec. 31, 2013		
	Medium	**High**	**Low**	**Medium**	**High**	**Low**
Foreign exchange risk	42	351	3	90	540	3
Interest rate risk	**81,711**	**125,871**	**63,594**	**75,596**	**101,790**	**55,515**
- For non trading purposes	70,306	107,791	56,307	63,976	84,950	48,926
- For trading purposes	11,405	18,080	7,288	11,621	16,840	6,590
Equities risk	84	141	-	124	203	86
Portfolio managed by others risk	4,132	6,817	1,108	606	1,125	35
Investment fund	357	549	223	305	491	211
Total VaR	**81,859**	**126,094**	**63,618**	**75,622**	**101,827**	**55,529**

Trading portfolio VaR by risk type

	Dec. 31, 2014			Dec. 31, 2013		
	Medium	**High**	**Low**	**Medium**	**High**	**Low**
Foreign exchange risk	42	351	3	90	540	3
Interest rate risk						
- For trading purposes	11,405	18,080	7,288	11,621	16,840	6,590
Equities risk	84	141	-	124	203	86
Funds managed by others risk	4,132	6,817	1,108	606	1,125	35
Investment fund	357	549	223	305	491	211
Total VaR	**12,451**	**18,815**	**8,790**	**11,654**	**16,876**	**6,621**

Non trading portfolio VaR by risk type

	Dec. 31, 2014			Dec. 31, 2013		
	Medium	**High**	**Low**	**Medium**	**High**	**Low**
Interest rate risk						
- For non trading purposes	70,306	107,791	56,307	63,976	84,950	48,926
Total VaR	**70,306**	**107,791**	**56,307**	**63,976**	**84,950**	**48,926**

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 Thousands

Dec. 31, 2014	**EGP**	**USD**	**EUR**	**GBP**	**Other**	**Total**
Financial assets						
Cash and balances with Central Bank	6,541,660	628,368	107,245	48,561	176,422	7,502,256
Due from banks	1,499,808	5,509,635	2,296,965	87,485	128,106	9,521,999
Treasury bills and other governmental notes	27,731,288	4,121,980	164,843	-	-	32,018,111
Trading financial assets	3,762,718	-	-	-	-	3,762,718
Gross loans and advances to banks	-	117,655	15,018	-	-	132,673
Gross loans and advances to customers	31,720,497	20,335,620	700,353	175,562	59,975	52,992,007
Derivative financial instruments	22,221	29,874	93	-	-	52,188
Financial investments						
- Available for sale	26,431,907	1,270,215	-	-	-	27,702,122
- Held to maturity	9,160,746	-	-	-	-	9,160,746
Investments in associates	180,845	816	-	-	-	181,661
Total financial assets	**107,051,690**	**32,014,163**	**3,284,517**	**311,608**	**364,503**	**143,026,481**
Financial liabilities						
Due to banks	178,703	923,502	11,306	17,862	12	1,131,385
Due to customers	88,428,093	28,936,406	4,015,901	455,847	138,712	121,974,959
Derivative financial instruments	61,803	75,112	260	-	-	137,175
Long term loans	242,878	-	-	-	-	242,878
Total financial liabilities	**88,911,477**	**29,935,020**	**4,027,467**	**473,709**	**138,724**	**123,486,397**
Net on-balance sheet financial position	**18,140,213**	**2,079,143**	**(742,950)**	**(162,101)**	**225,779**	**19,540,084**

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, 2014	**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	-	-	-	-	-	7,502,256	7,502,256
Due from banks	4,169,262	4,085,145	847,115	-	-	420,477	9,521,999
Treasury bills and other governmental notes*	2,976,212	5,631,430	23,410,469	-	-	-	32,018,111
Trading financial assets	185,953	-	432,584	2,023,899	878,814	241,468	3,762,718
Gross loans and advances to banks	40,597	53,255	13,765	25,056	-	-	132,673
Gross loans and advances to customers	34,782,197	7,440,054	5,459,800	4,354,690	955,266	-	52,992,007
Derivatives financial instruments (including IRS notional amount)	677,816	337,516	590,117	3,597,289	-	-	5,202,738
Financial investments							
- Available for sale	634,699	1,468,428	3,532,552	17,481,915	4,205,046	379,482	27,702,122
- Held to maturity	2,765,022	-	1,150,082	5,008,560	237,082	-	9,160,746
Investments in associates	-	-	-	-	-	181,661	181,661
Total financial assets	**46,231,758**	**19,015,828**	**35,436,484**	**32,491,409**	**6,276,208**	**8,725,344**	**148,177,031**
Financial liabilities							
Due to banks	196,028	-	35,700	-	-	899,657	1,131,385
Due to customers	45,429,198	17,721,716	14,675,496	22,466,531	686,676	20,995,342	121,974,959
Derivatives financial instruments (including IRS notional amount)	1,533,838	3,051,479	35,640	-	621,189	72,700	5,314,846
Long term loans	36,598	21,049	143,678	41,553	-	-	242,878
Total financial liabilities	**47,195,662**	**20,794,244**	**14,890,514**	**22,508,084**	**1,307,865**	**21,967,699**	**128,664,068**
Total interest re-pricing gap	**(963,904)**	**(1,778,416)**	**20,545,970**	**9,983,325**	**4,968,343**	**(13,242,355)**	**19,512,963**

* 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, 2014	**Up to 1 month**	**One to three months**	**Three months to one year**	**One year to five years**	**Over five years**	**Total EGP Thousands**
Financial liabilities						
Due to banks	1,095,684	-	35,701	-	-	1,131,385
Due to customers	19,043,624	18,440,963	41,652,782	41,041,666	1,795,924	121,974,959
Long term loans	36,598	21,049	143,678	41,553	-	242,878
Total liabilities (contractual and non contractual maturity dates)	**20,175,906**	**18,462,012**	**41,832,161**	**41,083,219**	**1,795,924**	**123,349,222**
Total financial assets (contractual and non contractual maturity dates)	**20,615,797**	**17,495,479**	**39,589,765**	**52,400,429**	**13,549,584**	**143,651,054**

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 Thousands**
Financial liabilities						
Due to banks	1,373,410	-	-	-	-	1,373,410
Due to customers	14,262,658	14,355,336	31,020,534	36,171,294	1,035,861	96,845,683
Long term loans	28,091	5,314	49,299	49,449	-	132,153
Total liabilities (contractual and non contractual maturity dates)	**15,664,159**	**14,360,650**	**31,069,833**	**36,220,743**	**1,035,861**	**98,351,246**
Total financial assets (contractual and non contractual maturity dates)	**16,226,911**	**11,735,431**	**29,841,047**	**41,734,406**	**14,830,199**	**114,367,994**

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:

Dec. 31, 2014	Up to 1 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	20,477	22,965	22,065	9	-	65,516
- Interest rate derivatives	-	259	-	7,998	63,402	71,659
Total	**20,477**	**23,224**	**22,065**	**8,007**	**63,402**	**137,175**

Off balance sheet items

Dec. 31, 2014	Up to 1 year	1-5 years	Over 5 years	Total
Letters of credit, guarantees and other commitments	15,614,673	7,769,366	1,925,921	25,309,960
Total	**15,614,673**	**7,769,366**	**1,925,921**	**25,309,960**
	Up to 1 year	**1-5 years**	**Over 5 years**	**Total**
Loans commitments (Customers limit authorized not utilized)	16,376,222	1,494,023	191,099	18,061,344
Total	**16,376,222**	**1,494,023**	**191,099**	**18,061,344**

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, 2014	**Dec. 31, 2013**	**Dec. 31, 2014**	**Dec. 31, 2013**
Financial assets				
Due from banks	9,521,999	9,003,951	9,521,999	9,003,951
Gross loans and advances to banks	132,673	153,833	132,673	153,833
Gross loans and advances to customers				
- Individual	8,523,485	6,514,939	8,523,485	6,514,939
- Corporate	44,468,522	38,880,878	44,468,522	38,880,878
Financial investments				
Held to Maturity	9,160,746	4,197,177	9,160,746	4,197,177
Total financial assets	**71,807,425**	**58,750,778**	**71,807,425**	**58,750,778**
Financial liabilities				
Due to banks	1,131,385	1,373,410	1,131,385	1,373,410
Due to customers	121,974,959	96,845,683	121,974,959	96,845,683
Long term loans	242,878	132,153	242,878	132,153
Total financial liabilities	**123,349,222**	**98,351,246**	**123,349,222**	**98,351,246**

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 advancesrepresents 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 other 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, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Tier 1 capital		Restated**
Share capital (net of the treasury shares)	9,081,734	9,002,436
Reserves	2,556,950	2,553,824
Retained Earnings (Losses)	(155,160)	(155,168)
Total deductions from tier 1 capital common equity	(625,080)	(726,847)
Total qualifying tier 1 capital	**10,858,444**	**10,674,245**
Tier 2 capital		
45% of special reserve	49	1,123
45% of the Increase in fair value than the book value for available for sale and held to maturity investments	15,763	21,510
Impairment provision for loans and regular contingent liabilities	879,836	742,938
Total qualifying tier 2 capital	**895,648**	**765,571**
Total capital 1+2	**11,754,092**	**11,439,816**
Risk weighted assets and contingent liabilities		
Total credit risk	70,426,788	59,514,861
Total market risk	3,179,692	2,429,715
Total operational risk	10,064,534	8,135,709
Total	**83,671,014**	**70,080,285**
***Capital adequacy ratio (%)**	**14.05%**	**16.32%**

** Based on consolidated financial statement figures and in accordance with Centeral Bank of Egypt regulation issued on 24 December 2012.*

*** After 2013 profit distribution.*

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 Thousands

Dec. 31, 2014	Corporate banking	SME's	Investment banking	Retail banking	Total
Revenue according to business segment	5,341,245	922,342	110,965	1,967,225	8,341,777
Expenses according to business segment	(1,425,955)	(401,102)	(15,917)	(964,254)	(2,807,228)
Profit before tax	**3,915,290**	**521,240**	**95,048**	**1,002,971**	**5,534,549**
Tax	(1,292,163)	(170,703)	(1,760)	(328,467)	(1,793,093)
Profit for the year	**2,623,127**	**350,537**	**93,288**	**674,504**	**3,741,456**
Total assets	**130,788,473**	**1,043,034**	**997,115**	**10,984,700**	**143,813,322**

Dec. 31, 2013	Corporate banking	SME's	Investment banking	Retail banking	Total
Revenue according to business segment	4,433,072	698,163	291,098	1,666,363	7,088,696
Expenses according to business segment	(1,626,607)	(316,973)	(90,548)	(877,975)	(2,912,103)
Profit before tax	**2,806,465**	**381,190**	**200,550**	**788,388**	**4,176,593**
Tax	(802,003)	(119,972)	-	(248,130)	(1,170,105)
Profit for the year	**2,004,462**	**261,218**	**200,550**	**540,258**	**3,006,488**
Total assets	**99,625,964**	**2,601,325**	**1,275,407**	**10,249,299**	**113,751,995**

5.2. By geographical segment

EGP Thousands

Dec. 31, 2014	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	7,052,514	1,027,532	261,731	8,341,777
Expenses according to geographical segment	(2,236,547)	(468,508)	(102,173)	(2,807,228)
Profit before tax	**4,815,967**	**559,024**	**159,558**	**5,534,549**
Tax	(1,557,762)	(183,077)	(52,254)	(1,793,093)
Profit for the year	**3,258,205**	**375,947**	**107,304**	**3,741,456**
Total assets	**131,901,158**	**10,839,735**	**1,072,429**	**143,813,322**

Dec. 31, 2013	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	6,082,890	907,098	98,709	7,088,697
Expenses according to geographical segment	(2,169,463)	(654,445)	(88,196)	(2,912,104)
Profit before tax	**3,913,427**	**252,653**	**10,513**	**4,176,593**
Tax	(1,084,006)	(82,660)	(3,439)	(1,170,105)
Profit for the year	**2,829,421**	**169,993**	**7,074**	**3,006,488**
Total assets	**104,133,954**	**8,163,840**	**1,454,201**	**113,751,995**

6. Net interest income

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Interest and similar income		
- Banks	216,234	201,284
- Clients	4,341,742	3,915,077
	4,557,976	**4,116,361**
Treasury bills and bonds	6,856,847	5,234,075
Reverse repos	6,456	27,136
Financial investments in held to maturity and available for sale debt instruments	123,550	143,080
Other	-	45
Total	**11,544,829**	**9,520,697**
Interest and similar expense		
- Banks	(77,885)	(91,504)
- Clients	(5,209,827)	(4,345,498)
	(5,287,712)	**(4,437,002)**
Financial instruments purchased with a commitment to re-sale (Repos)	-	(25,580)
Other	(2,081)	(4,367)
Total	**(5,289,793)**	**(4,466,949)**
Net interest income	**6,255,036**	**5,053,748**

7. Net fee and commission income

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Fee and commission income		
Fee and commissions related to credit	933,311	761,430
Custody fee	318,126	166,688
Other fee	640,682	507,989
Total	**1,892,119**	**1,436,107**
Fee and commission expense		
Other fee paid	(182,135)	(128,827)
Total	**(182,135)**	**(128,827)**
Net income from fee and commission	**1,709,984**	**1,307,280**

8. Dividend income

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Available for sale securities	32,270	16,915
Total	**32,270**	**16,915**

9. Net trading income

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Profit (losses) from foreign exchange	258,844	442,009
Profit (losses) from revaluations of trading assets and liabilities in foreign currencies	2,340	4,293
Profit (Loss) from forward foreign exchange deals revaluation	(6,266)	(20,513)
Profit (Loss) from interest rate swaps revaluation	(1,282)	(1,098)
Profit (Loss) from currency swap deals revaluation	(38,002)	4,096
Trading debt instruments	501,421	332,508
Trading equity instruments	1,206	6,097
Total	**718,261**	**767,392**

10. Administrative expenses

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
1. Staff costs		
- Wages and salaries	(955,765)	(858,674)
- Social insurance	(44,716)	(34,796)
- Other benefits	(38,531)	(32,516)
2. Other administrative expenses	(836,660)	(648,383)
Total	**(1,875,672)**	**(1,574,369)**

11. Other operating (expenses) income

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Profits (Losses) from non-trading assets and liabilities revaluation	3,396	89,858
Profits (losses) from selling property, plant and equipment	2,106	741
Release (charges) of other provisions	(281,805)	(133,066)
Others	(433,832)	(396,439)
Total	**(710,135)**	**(438,906)**

12. Impairment (charge) release for credit losses

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Loans and advances to customers	(588,794)	(915,582)
Total	**(588,794)**	**(915,582)**

13. Adjustments to calculate the effective tax rate

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Profit after settlement	5,536,338	4,176,481
Tax rate	30%-25%	25.00%
Income tax based on accounting profit	**1,660,851**	**1,044,120**
Add / (Deduct)		
Non-deductible expenses	27,023	55,869
Tax exemptions	(55,634)	(71,694)
Effect of provisions	166,302	140,691
Depreciation	(5,449)	1,117
Income tax	**1,793,093**	**1,170,103**
Effective tax rate	**32.39%**	**28.02%**

** An additional temporary tax was imposed for three years starting year 2014 by tax rate 5% over one million Egyptian pound from the taxable income amount on the juridical persons' income as per the law no. 44 of 2014.*

14. Earning per share

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Net profit for the year available for distribution	3,644,902	2,716,110
Board member's bonus	(54,674)	(40,742)
Staff profit sharing	(364,490)	(271,611)
*** Profits shareholders' Stake**	**3,225,738**	**2,403,757**
Number of shares	908,173	908,173
Basic earning per share	**3.55**	**2.65**
By issuance of ESOP earning per share will be:		
Number of shares including ESOP shares	924,749	919,211
Diluted earning per share	**3.49**	**2.62**

** Based on separate financial statement profits.*

15. Cash and balances with Central Bank

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Cash	2,109,660	1,674,626
Obligatory reserve balance with CBE		
- Current accounts	5,392,596	3,121,614
Total	**7,502,256**	**4,796,240**
Non-interest bearing balances	**7,502,256**	**4,796,240**

16. Due from banks

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Current accounts	1,017,373	630,961
Deposits	8,504,626	8,372,990
Total	**9,521,999**	**9,003,951**
Central banks	4,297,194	3,225,196
Local banks	1,112,318	757,539
Foreign banks	4,112,487	5,021,216
Total	**9,521,999**	**9,003,951**
Non-interest bearing balances	420,477	163,772
Fixed interest bearing balances	9,101,522	8,840,179
Total	**9,521,999**	**9,003,951**
Current balances	9,521,999	9,003,951
Total	**9,521,999**	**9,003,951**

17. Treasury bills and other governmental notes

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
91 Days maturity	8,539,354	6,534,713
182 Days maturity	8,293,655	7,197,086
364 Days maturity	15,107,327	11,010,950
Unearned interest	(1,469,221)	(1,077,320)
Total 1	**30,471,115**	**23,665,429**
Reverse repos treasury bonds	77,775	-
Total 2	**77,775**	-
Net	**30,548,890**	**23,665,429**

18. Trading financial assets

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Debt instruments		
- Governmental bonds	3,335,297	2,047,967
- Other debt instruments	35,147	48,871
Total	**3,370,444**	**2,096,838**
Equity instruments		
- Companies shares	-	8,883
- Mutual funds	150,806	136,008
Total	**150,806**	**144,891**
- Portfolio managed by others	241,468	53,491
Total financial assets for trading	**3,762,718**	**2,295,220**

19. Loans and advances to banks

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Time and term loans	132,673	153,833
Less: Impairment provision	(14,582)	(21,411)
Total	**118,091**	**132,422**
Current balances	93,035	102,220
Non-current balances	25,056	30,202
Total	**118,091**	**132,422**

Analysis for impairment provision of loans and advances to banks

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Beginning balance	21,411	29,299
Charge (release) during the year	(6,915)	(9,225)
Exchange revaluation difference	86	1,337
Ending balance	**14,582**	**21,411**

20. Loans and advances to customers

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Individual		
- Overdraft	1,438,217	1,173,943
- Credit cards	1,010,014	765,624
- Personal loans	5,729,054	4,181,386
- Mortgages	325,266	383,144
- Other loans	20,934	10,842
Total 1	**8,523,485**	**6,514,939**
Corporate		
- Overdraft	6,598,541	4,910,811
- Direct loans	25,008,383	24,125,579
- Syndicated loans	12,645,169	9,630,556
- Other loans	216,429	109,232
Total 2	**44,468,522**	**38,776,178**
Total Loans and advances to customers (1+2)	**52,992,007**	**45,291,117**
Less:		
Unamortized bills discount	(5,568)	(6,635)
Impairment provision	(3,441,757)	(2,842,840)
Unearned interest	(859,052)	(708,390)
Net loans and advances to customers	**48,685,630**	**41,733,252**
Distributed to		
Current balances	21,190,611	16,679,527
Non-current balances	27,495,019	25,053,725
Total	**48,685,630**	**41,733,252**

Analysis for impairment provision of loans and advances to customers

	Individual					
Dec. 31, 2014	**Overdraft**	**Credit cards**	**Personal loans**	**Real estate loans**	**Other loans**	**Total**
Beginning balance	9,231	8,391	82,661	13,784	3,209	117,276
Charged (Released) during the year	1,318	635	(1,538)	(5,362)	17,725	12,778
Write off during the year	-	(7,245)	-	-	-	(7,245)
Recoveries during the year	1	5,653	30	-	-	5,684
Ending balance	**10,550**	**7,434**	**81,153**	**8,422**	**20,934**	**128,493**

Dec. 31, 2014	Corporate				
	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Beginning balance	334,202	1,953,331	433,064	4,967	2,725,564
Charged (Released) during the year	155,711	221,618	205,719	(117)	582,931
Write off during the year	-	(19,982)	-	-	(19,982)
Recoveries during the year	-	4,285	-	-	4,285
Exchange revaluation difference	1,850	13,174	5,442	-	20,466
Ending balance	**491,763**	**2,172,426**	**644,225**	**4,850**	**3,313,264**

Dec. 31, 2013	Individual					
	Overdraft	Credit cards	Personal loans	Real estate loans	Other loans	Total
Beginning balance	10,753	8,328	74,436	13,377	1,091	107,985
Charged (Released) during the year	270	2,568	8,225	407	2,118	13,588
Write off during the year	(2,756)	(7,254)	-	-	-	(10,010)
Recoveries during the year	964	4,749	-	-	-	5,713
Ending balance	**9,231**	**8,391**	**82,661**	**13,784**	**3,209**	**117,276**

Dec. 31, 2013	Corporate				
	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Beginning balance	209,551	1,242,016	336,569	5,102	1,793,238
Charged (Released) during the year	118,563	663,120	129,671	(135)	911,219
Write off during the year	-	(6,811)	(81,425)	-	(88,236)
Recoveries during the year	-	13,906	31,418	-	45,324
Exchange revaluation difference	6,088	41,100	16,831	-	64,019
Ending balance	**334,202**	**1,953,331**	**433,064**	**4,967**	**2,725,564**

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, 2014			Dec. 31, 2013		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Foreign currencies derivatives						
- Forward foreign exchange contracts	1,761,253	2,364	14,209	1,250,176	13,376	18,955
- Currency swap	3,928,336	19,857	47,594	1,990,431	22,576	12,312
- Options	319,390	3,887	3,713	38,331	13,794	13,794
Total 1		**26,108**	**65,516**		**49,746**	**45,061**
Interest rate derivatives						
- Interest rate swaps	278,504	1,575	434	389,502	6,679	3,744
Total 2		**1,575**	**434**		**6,679**	**3,744**
- Commodity 3	**1,041**	**-**	**-**	**-**	**-**	**-**
Total assets (liabilities) for trading derivatives (1+2+3)		**27,683**	**65,950**		**56,425**	**48,805**

21.1.2. Fair value hedge

Interest rate derivatives						
- Governmental debt instruments hedging	621,189	-	63,402	603,658	-	57,476
- Customers deposits hedging	4,276,937	24,505	7,823	3,847,747	46,660	8,598
Total 4		**24,505**	**71,225**		**46,660**	**66,074**
Total financial derivatives (1+2+3+4)		**52,188**	**137,175**		**103,085**	**114,879**

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 63,402 thousand at December 31, 2014 against EGP 57,476 thousand at the December 31, 2013, Resulting in net losses form hedging instruments at December 31, 2014 EGP 5,926 thousand against net gain EGP 40,233 thousand at the December 31, 2013. Losses arises from the hedged items at December 31, 2014 reached EGP 232 thousand against losses arises EGP 48,857 thousand at December 31, 2013.

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 16,682 thousand at the end of December 31, 2014 against EGP 38,063 thousand at December 31, 2013, Resulting in net losses form hedging instruments atDecember 31, 2014 EGP 21,380 thousand against net losses EGP 52,093 thousand at December 31, 2013. Gains arises from the hedged items at December 31, 2014 reached EGP 45,094 thousand against gains EGP 60,224 thousand at December 31 , 2013.

22. Financial investments

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Available for sale		
- Listed debt instruments with fair value	27,249,861	22,556,423
- Listed equity instruments with fair value	87,770	86,327
- Unlisted instruments	364,491	735,354
Total	**27,702,122**	**23,378,104**
Held to maturity		
- Listed debt instruments	9,133,233	4,169,664
- Unlisted instruments	27,513	27,513
Total	**9,160,746**	**4,197,177**
Total financial investment	**36,862,868**	**27,575,281**
- Actively traded instruments	35,617,223	25,972,996
- Not actively traded instruments	1,245,645	1,602,285
Total	**36,862,868**	**27,575,281**
Fixed interest debt instruments	35,211,927	25,801,806
Floating interest debt instruments	1,171,168	1,097,845
Total	**36,383,095**	**26,899,651**

	Available for sale financial investments	Held to maturity financial investments	Total EGP Thousands
Beginning balance	21,177,428	4,215,788	25,393,216
Addition	7,463,492	-	7,463,492
Deduction (selling - redemptions)	(4,519,339)	(18,611)	(4,537,950)
Exchange revaluation differences for foreign financial assets	124,231	-	124,231
Profit (losses) from fair value difference	(834,814)	-	(834,814)
Impairment (charges) release	(32,894)	-	(32,894)
Ending Balance	**23,378,104**	**4,197,177**	**27,575,281**
Beginning balance	23,378,104	4,197,177	27,575,281
Addition	9,079,241	4,963,569	14,042,810
Deduction (selling - redemptions)	(4,854,894)	-	(4,854,894)
Exchange revaluation differences for foreign financial assets	38,176	-	38,176
Profit (losses) from fair value difference	121,246	-	121,246
Impairment (charges) release	(59,751)	-	(59,751)
Ending Balance	**27,702,122**	**9,160,746**	**36,862,868**

22.1. Profit (Losses) from financial investments

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Profit (Loss) from selling available for sale financial instruments	83,131	4,363
Impairment release (charges) of available for sale equity instruments	(59,751)	(32,894)
Impairment release (charges) of subsidiaries and associates	(52,480)	-
Profit (Loss) from selling held to maturity debt investments	(22)	(141)
Total	**(29,122)**	**(28,672)**

23. Investments in associates

Dec. 31, 2014	Company's country	Company's assets	Company's liabilities (without equity)	Company's revenues	Company's net profit	Investment book value EGP Thousands	Stake %
Associates							
- Commercial International Life Insurance	Egypt	2,861,447	2,762,148	267,286	8,671	59,500	45
- Corplease	Egypt	2,374,952	2,148,954	413,070	22,437	102,237	43
- Haykala for investment	Egypt	4,742	236	276	155	1,518	40
- Egypt Factors	Egypt	401,466	345,515	33,711	(1,488)	816	39
- International Co. for Security and Services (Falcon)	Egypt	141,818	102,994	148,811	8,229	17,590	40
Total		**5,784,425**	**5,359,847**	**863,154**	**38,004**	**181,661**	

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 Thousands	Stake %
Associates							
- Commercial International Life Insurance	Egypt	2,202,121	2,124,147	302,443	5,621	53,757	45
- Corplease	Egypt	1,921,221	1,723,877	378,253	16,885	88,282	43
- Haykala for Investment	Egypt	4,574	199	581	479	1,465	40
- Egypt Factors	Egypt	434,219	379,405	32,680	426	40,881	39
- International Co. for Security and Services (Falcon)	Egypt	126,868	104,633	120,222	5,344	8,367	40
Total		**4,689,003**	**4,332,261**	**834,179**	**28,755**	**192,753**	

24. Investment property *

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Land No. A2-Q46 Al-koseer Marsa Allam	2,642	-
Land, warehouse, 9 property and 2 housing units Al-koseer Marsa Allam	65,950	-
Land No. M8A and M8A8 and M9A Al-koseer Marsa Allam	815,502	-
Total	**884,094**	-

** Including non registered properties by EGP 884,094 thousand 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, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Accrued revenues	1,870,423	1,695,499
Prepaid expenses	109,115	123,119
Advances to purchase of fixed assets	145,170	134,327
Accounts receivable and other assets	1,653,149	910,752
Assets acquired as settlement of debts	27,351	29,942
Insurance and Testament	8,867	8,400
Total	**3,814,075**	**2,902,039**

26. Property, plant and equipment

Dec. 31, 2014	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total EGP Thousands
Beginning gross assets (1)	64,500	622,110	1,017,158	62,864	397,337	331,621	139,786	2,635,376
Additions (deductions) during the year	209	74,318	68,571	6,414	45,456	34,312	5,370	234,650
Ending gross assets (2)	**64,709**	**696,428**	**1,085,729**	**69,278**	**442,793**	**365,933**	**145,156**	**2,870,026**
Accu.depreciation at beginning of the year (3)	-	205,796	728,899	36,220	316,933	263,651	114,701	1,666,200
Current year depreciation	-	31,589	83,594	4,889	53,664	35,190	9,396	218,322
Accu.depreciation at end of the year (4)	-	**237,385**	**812,493**	**41,109**	**370,597**	**298,841**	**124,097**	**1,884,522**
Ending net assets (2-4)	**64,709**	**459,043**	**273,236**	**28,169**	**72,196**	**67,092**	**21,059**	**985,504**
Beginning net assets (1-3)	**64,500**	**416,314**	**288,259**	**26,644**	**80,404**	**67,970**	**25,085**	**969,176**
Depreciation rates		**%5**	**%33.3**	**%20**	**%33.3**	**%20**	**%20**	

Net fixed assets value on the balance sheet date includes EGP 65,376 thousand non registered assets while their registrations procedures are in process.

27. Due to banks

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Current accounts	945,684	1,038,717
Deposits	185,701	334,693
Total	**1,131,385**	**1,373,410**
Central banks	12,386	3,854
Local banks	221,043	313,338
Foreign banks	897,956	1,056,218
Total	**1,131,385**	**1,373,410**
Non-interest bearing balances	899,657	1,026,036
Fixed interest bearing balances	231,728	347,374
Total	**1,131,385**	**1,373,410**
Current balances	945,684	1,038,717
Non-current balances	185,701	334,693
Total	**1,131,385**	**1,373,410**

28. Due to customers

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Demand deposits	30,502,057	22,949,345
Time deposits	35,408,462	30,507,693
Certificates of deposit	31,001,139	25,259,129
Saving deposits	21,603,688	16,786,188
Other deposits	3,459,613	1,343,328
Total	**121,974,959**	**96,845,683**
Corporate deposits	61,934,339	48,299,668
Individual deposits	60,040,620	48,546,015
Total	**121,974,959**	**96,845,683**
Non-interest bearing balances	33,961,670	24,292,673
Fixed interest bearing balances	88,013,289	72,553,010
Total	**121,974,959**	**96,845,683**
Current balances	88,300,091	70,206,368
Non-current balances	33,674,868	26,639,315
Total	**121,974,959**	**96,845,683**

29. Long term loans

	Interest rate %	Maturity date	Maturing through next year EGP Thousands	Balance on Dec. 31, 2014 EGP Thousands	Balance on Dec. 31, 2013 EGP Thousands
Financial Investment & Sector Cooperation (FISC)	3.5 - 5.5 depends on maturity date	3-5 years	-	-	556
Environmental Compliance Project (ECO)	3.5 - 5.5 depends on maturity date	3-5 years	1,315	1,690	-
Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	83,811	105,075	31,380
Social Fund for Development (SFD)	3 months T/D or 9% which is more		57,222	136,113	100,217
Total			**142,348**	**242,878**	**132,153**

30. Other liabilities

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Accrued interest payable	629,260	564,961
Accrued expenses	515,716	351,866
Accounts payable	1,171,126	481,478
Other credit balances	293,350	78,652
Total	**2,609,452**	**1,476,957**

31. Other provisions

Dec. 31, 2014	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance EGP Thousands
Provision for income tax claims	14,045	8,210	-	(110)	-	22,145
Provision for legal claims	29,048	13,143	18	(1,318)	(456)	40,435
Provision for Stamp Duty	31,000	-	-	-	-	31,000
Provision for contingent	362,721	261,689	(3,863)	-	-	620,547
* Provision for other claim	17,885	3,682	(12)	(5,370)	-	16,185
Total	**454,699**	**286,724**	**(3,857)**	**(6,798)**	**(456)**	**730,312**

Dec. 31, 2013	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance EGP Thousands
Provision for income tax claims	14,962	3,625	-	(4,542)	-	14,045
Provision for legal claims	28,620	1,322	2	(754)	(142)	29,048
Provision for Stamp Duty	-	31,000	-	-	-	31,000
Provision for contingent	257,901	88,074	16,746	-	-	362,721
Provision for other claim	14,006	8,936	31	(5,088)	-	17,885
Total	**315,489**	**132,957**	**16,779**	**(10,384)**	**(142)**	**454,699**

** Provision for other claim formed on December 31, 2014 amounted to EGP 3,682 thousand to face the potential risk of banking operations against amount EGP 8,936 thousand on December 31, 2013.*

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 9,081,734 thousand to be divided on 908,173 thousand shares with EGP 10 par value for each share based on:

- Increase issued and Paid in Capital by amount EGP 33,119 thousand 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 thousand 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 thousand On April 7,2013 to reach EGP 6,001,624 thousand 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 3,000,812 thousand 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.
- Increase issued and Paid in Capital by amount EGP 79,299 thousand On March 23,2014 to reach EGP 9,081,734 thousand according to Board of Directors decision on December 10, 2013 by issuance of fourth tranch for E.S.O.P program.
- 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:

	Assets (Liabilities) Dec. 31, 2014 EGP Thousands	Assets (Liabilities) Dec. 31, 2013 EGP Thousands
Fixed assets (depreciation)	(28,456)	(25,569)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	17,970	12,531
Other investments impairment	82,888	49,219
Reserve for employee stock ownership plan (ESOP)	49,335	47,376
Total	**121,737**	**83,557**

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 year are as follows:

	Dec. 31, 2014 No. of shares in thousand	Dec. 31, 2013 No. of shares in thousand
Outstanding at the beginning of the year	23,918	15,440
Granted during the year	7,038	12,245
Forfeited during the year	(1,154)	(832)
Exercised during the year	(7,930)	(2,935)
Outstanding at the end of the year	**21,872**	**23,918**

Details of the outstanding tranches are as follows:

Maturity date	EGP Exercise price	EGP Fair value *	No. of shares in thousand
2015	10.00	6.65	9,475
2016	10.00	16.84	5,636
2017	10.00	22.84	6,761
Total			**21,872**

The fair value of granted shares is calculated using Black-Scholes pricing model with the following:

	8th tranche	7th tranche
Exercise price	10	10
Current share price	32.58	34.57
Expected life (years)	3	3
Risk free rate %	12.4%	14%
Dividend yield%	3.07%	2.89%
Volatility%	35%	40%

Volatility is calculated based on the daily standard deviation of returns for the last three years.

35. Reserves and retained earnings (losses)

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Legal reserve	621,084	490,365
General reserve	1,850,496	406,090
Retained earnings (losses)	(155,160)	(546,531)
Special reserve	28,108	27,367
Reserve for A.F.S investments revaluation difference	(593,236)	(720,479)
Banking risks reserve	2,513	1,991
Total	**1,753,805**	**(341,197)**

35.1. Banking risks reserve

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Beginning balance	1,991	103,717
Transferred from profits	522	(101,726)
Ending balance	**2,513**	**1,991**

35.2. Legal reserve

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Beginning balance	490,365	380,349
Transferred from previous year profits	130,719	110,016
Ending balance	**621,084**	**490,365**

35.3. Reserve for A.F.S investments revaluation difference

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Beginning balance	(720,479)	153,365
Unrealized gains (losses) from A.F.S investment revaluation	127,243	(873,844)
Ending balance	**(593,236)**	**(720,479)**

35.4. Retained earnings (losses)

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Beginning balance	(546,531)	(568,853)
Dividend previous year	-	(1,002)
Change in owner ship percentage	9	(146)
Transferred to retained earnings (losses)	391,362	23,470
Ending balance	**(155,160)**	**(546,531)**

36. Cash and cash equivalent

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Cash and balances with Central Bank	7,502,256	4,804,974
Due from banks	9,521,999	9,003,951
Treasury bills and other governmental notes	30,548,890	23,665,429
Obligatory reserve balance with CBE	(3,497,164)	(3,224,659)
Due from banks (time deposits) more than three months	(5,007,462)	(5,148,331)
Treasury bills with maturity more than three months	(22,110,185)	(17,212,738)
Total	**16,958,334**	**11,888,626**

37. Contingent liabilities and commitments

37.1. Legal claims

There are a number of existing cases filed against the bank on December 31,2014 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 26,991 thousand as follows:

EGP Thousands	Investments value	Paid	Remaining
Available for sale financial investments	88,658	61,666	**26,991**

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 21,801 thousand.

37.3. Letters of credit, guarantees and other commitments

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Letters of guarantee	23,262,617	14,959,323
Letters of credit (import and export)	1,289,834	750,766
Customers acceptances	757,509	472,351
Total	**25,309,960**	**16,182,440**

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Loans commitments (Customers limit authorized not utilized)	18,061,344	17,335,889

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 21,767,210 with redeemed value EGP 5,075,460 thousands.
- The market value per certificate reached EGP 233.17 on December 31, 2014.
- The Bank portion got 601,064 certificates with redeemed value EGP 140,150 thousands.

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 2,165,060 with redeemed value EGP 210,790 thousands.
- The market value per certificate reached EGP 97.36 on December 31, 2014.
- The Bank portion got 194,744 certificates with redeemed value EGP 18,960 thousands.

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 792,639 with redeemed value EGP 46,219 thousands.
- The market value per certificate reached EGP 58.31 on December 31, 2014.
- The Bank portion got 71,943 certificates with redeemed value EGP 4,195 thousands.

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 170,505 with redeemed value EGP 25,893 thousands.
- The market value per certificate reached EGP 151.86 on December 31, 2014.
- The Bank portion got 50,000 certificates with redeemed value EGP 7,593 thousands.

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 1,128,851 with redeemed value EGP 163,604 thousands.
- The market value per certificate reached EGP 144.93 on December 31, 2014.
- The Bank portion got 52,404 certificates with redeemed value EGP 7,595 thousands.

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 Thousands
Loans and advances	930,665
Deposits	461,488
Contingent liabilities	118,289

39.2. Other transactions with related parties

	Income EGP Thousands	Expenses EGP Thousands
International Co. for Security & Services	911	49,296
Corplease Co.	41,715	31,338
Commercial International Life Insurance Co.	5,028	3,300

40. Main currencies positions

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Egyptian pound	(141,124)	(34,719)
US dollar	63,391	6,897
Sterling pound	(279)	21,249
Japanese yen	20	242
Swiss franc	(442)	(297)
Euro	2,348	2,247

41. Tax status

Corporate income tax

The Bank's corporate income tax position has been examined, paid 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 has been examined, paid and settled 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, paid and settled with the tax authority from Year 2001 up to Year 2006.

The Bank's corporate income tax position has been examined and paid with the tax authority from Year 2007-2012.

Salary tax

The Bank's salary tax has been examined, paid and settled from the beginning of the activity until the end of 2010.

The Bank's salary tax has been examined and paid for the period 2011-2012.

The Bank's salary tax under examination for the year 2013.

Stamp duty tax

The Bank stamp duty tax has been examined and paid from the beginning of the activity until 31/7/2006 and the disputes are under discussion in the court of law and the tax appeal committee.

The Bank stamp duty tax were examined stamp tax for the period from 1/8/2006 until 31/12/2010 according to law No. 143 for the year 2006 points of disagreement were converted into internal committee.

The Bank's stamp duty tax position under examination for the period from 2011 until the first quarter of 2013.

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