Separate
Financial Statements

June 2014
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KPMG Hazem Hassan
Public Accountant & Consultants

Allied For Accountaning & Auditing E & Y
Public Accountant & Consultants

Review Report

To the Board of Directors of Commercial International Bank (Egypt)

Introduction

We have performed a limited review of the accompanying Separate balance sheet of Commercial International Bank (Egypt) S.A.E as of 30 June 2014 and the related Separate statements of income, cash flows and changes in equity for the six months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim Separate financial statements in accordance with the Central Bank of Egypt's rules issued on 16 December 2008. Our responsibility is to express a conclusion on these interim Separate financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements No. 2410, "Limited Review of Interim Financial Statements of an Entity Performed by its Separate Auditor." A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the bank, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim Separate financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim Separate financial statements do not present fairly, in all material respects, the Separate financial position of Commercial International Bank- Egypt (S.A.E) as at 30 June 2014 and of its Separate financial performance and its Separate cash flows for the six months then ended in accordance with the Central Bank of Egypt's rules issued on 16 December 2008 and in the light of the prevailing Egyptian laws and regulations relating to the preparation of these Separate financial statements.

Auditors

KPMG Hazem Hassan
Public Accountants and Consultants
(38)

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

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

Cairo: July 22, 2014

Separate balance sheet as at June 30,2014

	Notes	Jun. 30, 2014 EGP thousands	Dec. 31, 2013 EGP thousands
Assets			
Cash and balances with Central Bank	15	6,135,522	4,796,240
Due from banks	16	11,397,564	8,893,671
Treasury bills and other governmental notes	17	20,661,024	23,654,813
Trading financial assets	18	3,262,270	2,246,348
Loans and advances to banks	19	69,546	132,422
Loans and advances to customers	20	45,333,118	41,837,952
Derivative financial instruments	21	73,407	103,085
Financial investments			
- Available for sale	22	27,184,056	23,363,501
- Held to maturity	22	8,988,994	4,187,174
Investments in subsidiary and associates	23	606,456	599,277
Investment property	24	4,056	9,696
Other assets	25	3,273,416	2,879,795
Deferred tax	33	73,557	83,755
Property, plant and equipment	26	980,632	964,539
Total assets		128,043,618	113,752,268
Liabilities and equity			
Liabilities			
Due to banks	27	683,367	1,373,410
Due to customers	28	111,165,190	96,940,270
Derivative financial instruments	21	105,575	114,879
Current income tax obligations		843,785	1,179,709
Other liabilities	30	1,439,022	1,446,047
Long term loans	29	212,188	132,153
Other provisions	31	548,016	450,755
Total liabilities		114,997,143	101,637,223
Equity			
Issued and paid in capital	32	9,081,734	9,002,435
Reserves	32	2,169,199	307,224
Reserve for employee stock ownership plan (ESOP)		132,539	190,261
Total equity		11,383,472	9,499,920
Net profit for the period / year after tax		1,663,003	2,615,125
Total equity and net profit for period / year		13,046,475	12,115,045
Total liabilities and equity		128,043,618	113,752,268
Contingent liabilities and commitments			
Letters of credit, guarantees and other commitments	37	22,094,157	16,182,490

The accompanying notes are an integral part of these financial statements .
(Review report attached)

Hisham Ezz El-Arab
Chairman and Managing Director

Separate income statement for the period ended June 30,2014

	Notes	Last 3 Months Jun. 30, 2014 EGP thousands	Last 6 Months Jun. 30, 2014 EGP thousands	Last 3 Months Jun. 30, 2013 EGP thousands	Last 6 Months Jun. 30, 2013 EGP thousands
Interest and similar income		2,704,275	5,268,734	2,361,037	4,503,578
Interest and similar expense		(1,270,249)	(2,462,911)	(1,090,307)	(2,097,760)
Net interest income	6	1,434,026	2,805,823	1,270,730	2,405,818
Fee and commission income		407,551	763,978	379,386	668,595
Fee and commission expense		(43,381)	(80,233)	(33,833)	(63,132)
Net fee and commission income	7	364,170	683,745	345,553	605,463
Dividend income	8	27,121	28,356	11,538	12,275
Net trading income	9	247,708	399,639	243,542	375,678
Profit (Losses) from financial investments	22	5,410	9,379	261	2,214
Administrative expenses	10	(365,452)	(757,887)	(342,604)	(687,248)
Other operating (expenses) income	11	(143,751)	(292,909)	(179,423)	(232,701)
Impairment (charge) release for credit losses	12	(174,573)	(359,160)	(264,459)	(490,785)
Profit before income tax		1,394,659	2,516,986	1,085,138	1,990,714
Income tax expense	13	(518,182)	(843,785)	(412,408)	(671,154)
Deferred tax	33 & 13	7,800	(10,198)	(3,917)	4,391
Net profit for the period		884,277	1,663,003	668,813	1,323,951
Earning per share	14				
Basic		0.86	1.62	0.65	1.30
Diluted		0.85	1.59	0.64	1.29

Hisham Ezz El-Arab
Chairman and Managing Director

Separate cash flow for the period ended June 30,2014

	Jun. 30, 2014 EGP thousands	Jun. 30, 2013 EGP thousands
Cash flow from operating activities		
Profit before income tax	**2,516,986**	1,990,714
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	**102,925**	90,274
Impairment charge for credit losses	**359,160**	490,785
Other provisions charges	**98,156**	69,072
Trading financial investments revaluation differences	**(42,020)**	(1,317)
Available for sale and held to maturity investments exchange revaluation differences	**(38,176)**	(136,563)
Financial investments impairment charge (release)	**8,436**	(31,267)
Utilization of other provisions	**(6,306)**	(978)
Other provisions no longer used	**-**	(142)
Exchange differences of other provisions	**5,411**	15,527
Profits from selling property, plant and equipment	**(392)**	(495)
Profits from selling financial investments	**(9,387)**	(2,229)
Shares based payments	**54,630**	47,924
Investments in subsidiary and associates revaluation	**(1)**	(4,039)
Operating profits before changes in operating assets and liabilities	**3,049,422**	2,527,266
Net decrease (increase) in assets and liabilities		
Due from banks	**(2,493,816)**	(1,826,251)
Treasury bills and other governmental notes	**953,655**	(6,760,815)
Trading financial assets	**(973,902)**	(293,432)
Derivative financial instruments	**20,374**	24,760
Loans and advances to banks and customers	**(3,791,450)**	(1,178,066)
Other assets	**(390,244)**	(17,542)
Due to banks	**(690,043)**	(761,355)
Due to customers	**14,224,920**	12,453,407
Income tax obligations paid	**(1,179,709)**	(819,362)
Other liabilities	**(7,025)**	181,867
Net cash provided from operating activities	**8,722,182**	3,530,477
Cash flow from investing activities		
Purchase of subsidiary and associates	**(7,178)**	(7,528)
Purchases of property, plant and equipment	**(122,003)**	(367,000)
Redemption of held to maturity financial investments	**3,132**	11,860
Purchases of held to maturity financial investments	**(4,804,952)**	-
Purchases of available for sale financial investments	**(6,195,277)**	(778,731)
Proceeds from selling available for sale financial investments	**2,801,684**	2,681,275
Proceeds from selling real estate investments	**5,640**	700
Net cash generated from (used in) investing activities	**(8,318,954)**	1,540,576

Separate cash flow for the period ended June 30,2014 (Cont.)

	Jun. 30, 2014 EGP thousands	Jun. 30, 2013 EGP thousands
Cash flow from financing activities		
Increase (decrease) in long term loans	**80,035**	37,300
Dividend paid	**(1,253,338)**	(1,055,843)
Capital increase	**79,299**	29,349
Net cash generated from (used in) financing activities	**(1,094,004)**	(989,194)
Net increase (decrease) in cash and cash equivalent during the period	**(690,776)**	4,081,859
Beginning balance of cash and cash equivalent	**11,758,996**	5,536,080
Cash and cash equivalent at the end of the period	**11,068,220**	9,617,939
Cash and cash equivalent comprise:		
Cash and balances with Central Bank	**6,135,522**	6,417,883
Due from banks	**11,397,564**	9,808,439
Treasury bills and other governmental notes	**20,661,024**	17,772,316
Obligatory reserve balance with CBE	**(3,258,699)**	(3,284,941)
Due from banks (time deposits) more than three months	**(7,608,108)**	(6,271,865)
Treasury bills with maturity more than three months	**(16,259,083)**	(14,823,893)
Total cash and cash equivalent	**11,068,220**	9,617,939

Separate statement of changes in shareholders' equity for the period ended June 30, 2013

EGP thousands

Jun. 30, 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 period	Reserve for employee stock ownership plan	Total
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	29,348	-	-	-	-	-	-	-	-	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 period	-	-	-	-	-	-	-	1,323,951	-	1,323,951
Net change at fair value of AFS financial investment	-	-	-	-	-	(425,480)	-	-	-	(425,480)
Transferred (from) to bank risk reserve	-	-	-	-	-	-	(15,016)	15,016	-	-
Reserve for employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	47,923	47,923
Balance at The End of The period	6,001,623	490,365	3,314,228	-	120,193	(271,973)	88,701	1,338,968	149,002	11,231,107

Separate statement of changes in shareholders' equity for the period ended June 30, 2014

Jun. 30, 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 period	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 period	-	-	-	-	-	-	-	1,663,003	-	1,663,003
Net change at fair value of AFS financial investment	-	-	-	-	-	387,836	-	-	-	387,836
Reserve for employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	54,630	54,630
Balance at The End of The period	9,081,734	621,084	1,850,648	-	28,108	(332,632)	1,991	1,663,003	132,539	13,046,475

Notes to the separate financial statements for the period ended June 30, 2014

1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 129 branches, and 27 units employing 5263 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 June 30, 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 available for sale, value is measured at cost less any impairment in value.

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

- If the financial asset has a fixed maturity, gains or losses are amortized over the remaining life of the investment using the effective interest rate method. In case of subsequent impairment of the financial asset, the previously recognized unrealized gains or losses in equity are recognized directly in the profits and losses.
- In the case of financial asset which has infinite life, any previously recognized profit and loss in equity will remain until the sale of the asset or its disposal, in the case of impairment of the value of the financial asset after the re-classification, any gain or loss previously recognized in equity is recycled to the profits and losses.
- If the Bank adjusts its estimates of payments or receipts of a financial asset that in return adjusts the carrying amount of the asset (or group of financial assets) to reflect the actual cash inflows, the carrying value is recalculated based on the present

value of estimated future cash flows at the effective yield of the financial instrument and the differences are recognized in profit and loss.

- In all cases, if the Bank re-classifies financial asset in accordance with the above criteria and increases its estimate of the proceeds of future cash flow, this increase adjusts the effective interest rate of this asset only without affecting the investment book value.

2.6. Offsetting financial instruments

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

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

2.7. Derivative financial instruments and hedge accounting

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

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

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

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

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

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:

	June 30, 2014		December 31, 2013	
Bank's rating	**Loans and advances (%)**	**Impairment provision (%)**	Loans and advances (%)	Impairment provision (%)
1-Performing loans	**87.07**	**30.60**	87.71	31.49
2-Regular watching	**5.70**	**7.60**	4.90	5.32
3-Watch list	**2.60**	**12.07**	3.43	19.93
4-Non-Performing loans	**4.63**	**49.73**	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

	Jun. 30, 2014 EGP thousand	Dec. 31, 2013 EGP thousand
In balance sheet items exposed to credit risk		
Treasury bills and other governmental notes	20,583,102	23,654,813
Trading financial assets:		
- Debt instruments	2,937,236	2,047,967
Gross loans and advances to banks	89,247	153,833
Less:Impairment provision	(19,701)	(21,411)
Gross loans and advances to customers		
Individual:		
- Overdraft	1,372,703	1,173,943
- Credit cards	864,749	765,624
- Personal loans	5,217,741	4,181,386
- Mortgages	353,488	383,144
- Other loans	21,610	10,842
Corporate:		
- Overdraft	6,189,053	5,015,511
- Direct loans	25,481,577	24,125,579
- Syndicated loans	9,810,692	9,630,556
- Other loans	155,595	109,232
Unamortized bills discount	(3,490)	(6,635)
Impairment provision	(3,234,488)	(2,842,840)
Unearned interest	(896,112)	(708,390)
Derivative financial instruments	73,407	103,085
Financial investments:		
-Debt instruments	35,505,581	26,889,648
- Investments in subsidiary and associates	606,456	599,277
Total	105,108,446	95,265,164
Off balance sheet items exposed to credit risk		
Financial guarantees	2,263,437	2,480,060
Customers acceptances	884,427	472,351
Letter of credit	2,403,372	750,766
Letter of guarantee	18,806,358	14,959,373
Total	24,357,594	18,662,550

The above table represents the Bank Maximum exposure to credit risk on June 30, 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 43.27% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represents 36.57%.

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

- 92.77% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- 95.37% of loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed individualy are valued EGP 2,292,877.
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on June 30, 2014.
- 96.39% of the investments in debt Instruments are Egyptian sovereign instruments.

3.1.6. Loans and advances

Loans and advances are summarized as follows:

	Jun.30, 2014 EGP thousand		Dec.31, 2013 EGP thousand	
	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	45,050,321	58,167	40,832,064	123,630
Past due but not impaired	2,155,090	-	2,790,527	-
Individually impaired	2,261,797	31,080	1,773,225	30,203
Gross	49,467,208	89,247	45,395,816	153,833
Less:				
Impairment provision	3,234,488	19,701	2,842,840	21,411
Unamortized bills discount	3,490	-	6,634	-
Unearned interest	896,112	-	708,390	-
Net	45,333,118	69,546	41,837,952	132,422

Impairment provision losses for loans and advances reached EGP 3,254,189 thousand.

During the period the Bank's total loans and advances increased by 8.80% .

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:

Jun. 30, 2014	Individual					Corporate					EGP thousand
Grades:	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	1,278,207	834,147	5,013,570	340,465	-	5,309,997	20,355,187	8,813,117	148,373	42,093,063	57,410
Regular watching	64,395	16,606	76,472	-	-	186,349	1,811,238	423,538	574	2,579,172	-
Watch list	2,319	4,117	23,632	-	-	156,605	711,240	-	-	897,913	-
Non-performing loans	10,986	1,514	36,157	1,703	-	122,893	421,699	65,472	2,148	662,572	12,136
Total	1,355,907	856,384	5,149,831	342,168	-	5,775,844	23,299,364	9,302,127	151,095	46,232,720	69,546

Dec. 31, 2013	Individual					Corporate					EGP thousand
Grades:	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 thousand

Jun.30, 2014	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Past due up to 30 days	10,939	160,105	10,837	651	182,532	298,891	747,838	101,123	1,147,852
Past due 30 - 60 days	64,444	17,449	5,726	122	87,741	96,873	105,755	-	202,628
Past due 60-90 days	2,352	4,920	3,011	-	10,283	322,110	150,978	50,966	524,054
Total	77,735	182,474	19,574	773	280,556	717,874	1,004,571	152,089	1,874,534

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 2,292,877 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 thousand

Jun.30, 2014	Individual					Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Individually impaired loans	20,748	4,251	84,168	9,873	21,568	387,752	1,481,070	280,058	3,389	2,292,877

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 period

	Jun.30, 2014	Dec.31, 2013
Loans and advances to customer		
Corporate		
- Direct loans	2,982,288	2,950,132
Total	2,982,288	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 thousand

Jun.30, 2014	Treasury bills and other gov. notes	Trading financial debt instruments	Non-trading financial debt instruments	Total
AAA	-	-	914,218	**914,218**
AA- to AA+	-	-	110,621	**110,621**
A- to A+	-	-	134,966	**134,966**
Lower than A-	-	46,125	1,026,396	**1,072,521**
Unrated	20,661,024	2,891,111	33,319,380	**56,871,515**
Total	**20,661,024**	**2,937,236**	**35,505,581**	**59,103,841**

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 thousand

Jun.30, 2014	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Treasury bills and other governmental notes	20,583,102	-	-	**20,583,102**
Trading financial assets:				
- Debt instruments	2,937,236	-	-	**2,937,236**
Gross loans and advances to banks	89,247	-	-	**89,247**
Less:Impairment provision	(19,701)	-	-	**(19,701)**
Gross loans and advances to customers				
Individual:				
- Overdrafts	867,490	323,320	181,893	**1,372,703**
- Credit cards	702,115	137,690	24,944	**864,749**
- Personal loans	3,394,882	1,451,914	370,945	**5,217,741**
- Mortgages	293,680	51,537	8,271	**353,488**
- Other loans	20,713	897	-	**21,610**
Corporate:				
- Overdrafts	5,227,194	678,515	283,344	**6,189,053**
- Direct loans	20,131,335	4,725,426	624,816	**25,481,577**
- Syndicated loans	9,079,313	731,379	-	**9,810,692**
- Other loans	152,845	2,750	-	**155,595**
Unamortized bills discount	(3,490)	-	-	**(3,490)**
Impairment provision	(3,234,488)	-	-	**(3,234,488)**
Unearned interest	(684,929)	(209,279)	(1,904)	**(896,112)**
Derivative financial instruments	73,407	-	-	**73,407**
Financial investments:				
-Debt instruments	35,505,581	-	-	**35,505,581**
- Investments in subsidiary and associates	606,456	-	-	**606,456**
Total	**95,721,988**	**7,894,149**	**1,492,309**	**105,108,446**

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 thousand

Jun.30, 2014	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Treasury bills and other governmental notes	-	-	-	-	20,583,102	-	-	20,583,102
Trading financial assets:			-					
- Debt instruments	-	-	-	-	2,937,236	-	-	2,937,236
Gross loans and advances to banks	89,247	-	-	-	-	-	-	89,247
Less:Impairment provision	(19,701)	-	-	-	-	-	-	(19,701)
Gross loans and advances to customers								
Individual:								
- Overdrafts	-	-	-	-	-	-	1,372,703	1,372,703
- Credit cards	-	-	-	-	-	-	864,749	864,749
- Personal loans	-	-	-	-	-	-	5,217,741	5,217,741
- Mortgages	-	-	-	-	-	-	353,488	353,488
- Other loans	-	-	-	-	-	-	21,610	21,610
Corporate:								
- Overdrafts	29,230	2,759,156	434,822	573,355	79,303	2,313,187	-	6,189,053
- Direct loans	915,048	12,311,507	271,516	117,433	1,130,473	10,735,600	-	25,481,577
- Syndicated loans	-	6,079,965	1,157,103	-	-	2,573,624	-	9,810,692
- Other loans	-	147,115	-	-	-	8,480	-	155,595
Unamortized bills discount	(3,490)	-	-	-	-	-	-	(3,490)
Impairment provision	(15,798)	(1,799,371)	(14,539)	(2,598)	(11,305)	(1,248,973)	(141,904)	(3,234,488)
Unearned interest	-	(508,381)	-	-	-	(355,191)	(32,540)	(896,112)
Derivative financial instruments	73,407	-	-	-	-	-	-	73,407
Financial investments:								
-Debt instruments	1,212,732	-	-	-	34,292,849	-	-	35,505,581
- Investments in subsidiary and associates	606,456	-	-	-	-	-	-	606,456
Total	**2,887,131**	**18,989,991**	**1,848,902**	**688,190**	**59,011,658**	**14,026,727**	**7,655,847**	**105,108,446**

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 LiabilityManagement 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 thousand

Total VaR by risk type	**Jun.30, 2014**			Dec.31, 2013		
	Medium	**High**	**Low**	Medium	High	Low
Foreign exchange risk	**33**	**194**	**3**	90	540	3
Interest rate risk	**69,482**	**74,432**	**63,594**	75,596	101,790	55,515
- For non trading purposes	**58,028**	**60,356**	**56,042**	63,976	84,950	48,926
- For trading purposes	**11,454**	**14,076**	**7,552**	11,621	16,840	6,590
Equities risk	**84**	**141**	**-**	124	203	86
Portfolio managed by others risk	**2,764**	**5,071**	**1,108**	606	1,125	35
Investment fund	**349**	**549**	**223**	305	491	211
Total VaR	**69,644**	**74,788**	**63,647**	75,622	101,827	55,529

Trading portfolio VaR by risk type

	Jun.30, 2014			Dec.31, 2013		
	Medium	**High**	**Low**	Medium	High	Low
Foreign exchange risk	**33**	**194**	**3**	90	540	3
Interest rate risk						
- For trading purposes	**11,454**	**14,076**	**7,552**	11,621	16,840	6,590
Equities risk	**84**	**141**	**-**	124	203	86
Funds managed by others risk	**2,764**	**5,071**	**1,108**	606	1,125	35
Investment fund	**349**	**549**	**223**	305	491	211
Total VaR	**12,024**	**14,338**	**8,834**	11,654	16,876	6,621

Non trading portfolio VaR by risk type

	Jun.30, 2014			Dec.31, 2013		
	Medium	**High**	**Low**	Medium	High	Low
Interest rate risk						
- For non trading purposes	**58,028**	**60,356**	**56,042**	63,976	84,950	48,926
Total VaR	**58,028**	**60,356**	**56,042**	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 thousand

Jun.30, 2014	EGP	USD	EUR	GBP	Other	Total
Financial assets						
Cash and balances with Central Bank	5,424,111	522,912	119,595	24,583	44,321	**6,135,522**
Due from banks	481,387	7,038,601	3,347,588	394,706	135,282	**11,397,564**
Treasury bills and other governmental notes	17,348,546	4,050,579	185,233	-	-	**21,584,358**
Trading financial assets	3,216,145	46,125	-	-	-	**3,262,270**
Gross loans and advances to banks	-	77,702	11,545	-	-	**89,247**
Gross loans and advances to customers	30,312,084	18,354,520	685,964	114,438	202	**49,467,208**
Derivative financial instruments	15,519	57,060	828	-	-	**73,407**
Financial investments						
- Available for sale	25,817,450	1,366,606	-	-	-	**27,184,056**
- Held to maturity	8,988,994	-	-	-	-	**8,988,994**
Investments in subsidiary and associates	564,686	41,770	-	-	-	**606,456**
Total financial assets	**92,168,922**	**31,555,875**	**4,350,753**	**533,727**	**179,805**	**128,789,082**
Financial liabilities						
Due to banks	38,636	629,127	11,354	4,243	7	**683,367**
Due to customers	76,767,012	29,566,117	4,136,858	527,480	167,723	**111,165,190**
Derivative financial instruments	18,772	84,903	1,900	-	-	**105,575**
Long term loans	212,188	-	-	-	-	**212,188**
Total financial liabilities	**77,036,608**	**30,280,147**	**4,150,112**	**531,723**	**167,730**	**112,166,320**
Net on-balance sheet financial position	**15,132,314**	**1,275,728**	**200,641**	**2,004**	**12,075**	**16,622,762**

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.

Jun.30, 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	-	-	-	-	-	6,135,522	**6,135,522**
Due from banks	5,488,126	4,532,534	910,037	-	-	466,867	**11,397,564**
Treasury bills and other governmental notes*	789,449	3,774,892	17,020,017	-	-	-	**21,584,358**
Trading financial assets	145,149	-	-	1,991,716	945,520	179,885	**3,262,270**
Gross loans and advances to banks	25,409	15,502	17,256	31,080	-	-	**89,247**
Gross loans and advances to customers	34,480,442	4,835,149	4,879,643	4,071,153	1,200,821	-	**49,467,208**
Derivatives financial instruments (including IRS notional amount)	757,235	328,987	746,327	2,929,793	6,712	49,902	**4,818,956**
Financial investments							
- Available for sale	307,102	880,234	4,282,702	15,524,912	5,769,063	420,043	**27,184,056**
- Held to maturity	-	-	3,439,514	5,312,757	236,723	-	**8,988,994**
Investments in subsidiary and associates	-	-	-	-	-	606,456	**606,456**
Total financial assets	**41,992,912**	**14,367,298**	**31,295,496**	**29,861,411**	**8,158,839**	**7,858,675**	**133,534,631**
Financial liabilities							
Due to banks	104,025	-	35,700	-	-	543,642	**683,367**
Due to customers	38,737,503	14,364,172	19,223,559	20,740,955	397,297	17,701,704	**111,165,190**
Derivatives financial instruments (including IRS notional amount)	1,463,058	2,605,337	82,723	-	621,189	78,817	**4,851,124**
Long term loans	62,743	9,268	100,550	39,627	-	-	**212,188**
Total financial liabilities	**40,367,329**	**16,978,777**	**19,442,532**	**20,780,582**	**1,018,486**	**18,324,163**	**116,911,869**
Total interest re-pricing gap	**1,625,583**	**(2,611,479)**	**11,852,964**	**9,080,829**	**7,140,353**	**(10,465,488)**	**16,622,762**

** 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.

Jun.30, 2014	**Up to 1 month**	**One to three months**	**Three months to one year**	**One year to five years**	**Over five years**	**Total EGP thousand**
Financial liabilities						
Due to banks	**647,666**	**-**	**35,701**	**-**	**-**	**683,367**
Due to customers	**14,753,360**	**13,529,591**	**43,477,221**	**37,973,604**	**1,431,414**	**111,165,190**
Long term loans	**62,743**	**9,268**	**100,550**	**39,627**	**-**	**212,188**
Total liabilities (contractual and non contractual maturity dates)	**15,463,769**	**13,538,859**	**43,613,472**	**38,013,231**	**1,431,414**	**112,060,745**
Total financial assets (contractual and non contractual maturity dates)	**16,169,996**	**15,195,988**	**35,129,631**	**45,657,662**	**16,562,399**	**128,715,676**

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 thousand
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 thousand

Jun.30, 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	29,742	3,274	1,338	-	-	**34,354**
- Interest rate derivatives	-	799	1,240	3,139	66,034	**71,212**
Total	**29,742**	**4,073**	**2,578**	**3,139**	**66,034**	**105,566**

Off balance sheet items

EGP thousand

Jun.30, 2014	Up to 1 year	1-5 years	Over 5 years	Total
Letters of credit, guarantees and other commitments	12,882,019	6,826,768	2,385,370	**22,094,157**
Total	**12,882,019**	**6,826,768**	**2,385,370**	**22,094,157**

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	
	Jun.30, 2014	Dec.31, 2013	**Jun.30, 2014**	Dec.31, 2013
Financial assets				
Due from banks	**11,397,564**	8,893,671	**11,397,564**	8,893,671
Gross loans and advances to banks	**89,247**	153,833	**89,247**	153,833
Gross loans and advances to customers				
- Individual	**7,830,291**	6,514,939	**7,830,291**	6,514,939
- Corporate	**41,636,917**	38,880,878	**41,636,917**	38,880,878
Financial investments				
Held to Maturity	**8,988,994**	4,187,174	**8,988,994**	4,187,174
Total financial assets	**69,943,013**	58,630,495	**69,943,013**	58,630,495
Financial liabilities				
Due to banks	**683,367**	1,373,410	**683,367**	1,373,410
Due to customers	**111,165,190**	96,940,270	**111,165,190**	96,940,270
Long term loans	**212,188**	132,153	**212,188**	132,153
Total financial liabilities	**112,060,745**	98,445,833	**112,060,745**	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 :

	Jun.30, 2014	Dec.31, 2013
	EGP thousand	EGP thousand
Tier 1 capital		Restated**
Share capital (net of the treasury shares)	**9,081,734**	9,002,436
Reserves	**2,553,823**	2,553,824
Retained Earnings (Losses)	**(155,160)**	(155,168)
Total deductions from tier 1 capital common equity	**(365,935)**	(726,847)
Total qualifying tier 1 capital	**11,114,462**	10,674,245
Tier 2 capital		
45% of special reserve	**1,457**	1,123
45% of the Increase in fair value than the book value for available for sale and held to maturity investments	**2,605**	21,510
Impairment provision for loans and regular contingent liabilities	**798,409**	742,938
Total qualifying tier 2 capital	**802,471**	765,571
Total capital 1+2	**11,916,933**	11,439,816
Risk weighted assets and contingent liabilities		
Total credit risk	**63,915,316**	59,514,861
Total market risk	**3,023,279**	2,429,715
Total operational risk	**8,135,709**	8,135,709
Total	**75,074,304**	70,080,285
***Capital adequacy ratio (%)**	**15.87%**	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 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 thousand

Jun.30, 2014	**Corporate banking**	**SME's**	**Investment banking**	**Retail banking**	**Total**
Revenue according to business segment	**2,519,427**	**463,926**	**9,743**	**858,650**	**3,851,746**
Expenses according to business segment	**(708,284)**	**(153,350)**	**(10,369)**	**(462,757)**	**(1,334,760)**
Profit before tax	**1,811,143**	**310,576**	**(626)**	**395,893**	**2,516,986**
Tax	**(614,346)**	**(105,349)**	**-**	**(134,288)**	**(853,983)**
Profit for the period	**1,196,797**	**205,227**	**(626)**	**261,605**	**1,663,003**
Total assets	**112,190,337**	**2,283,405**	**1,293,781**	**12,276,095**	**128,043,618**

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 thousand

Jun.30, 2014	**Cairo**	**Alex, Delta & Sinai**	**Upper Egypt**	**Total**
Revenue according to geographical segment	**3,314,368**	**481,057**	**56,321**	**3,851,746**
Expenses according to geographical segment	**(1,063,235)**	**(222,908)**	**(48,617)**	**(1,334,760)**
Profit before tax	**2,251,133**	**258,149**	**7,704**	**2,516,986**
Tax	**(763,622)**	**(87,742)**	**(2,619)**	**(853,983)**
Profit for the period	**1,487,511**	**170,407**	**5,085**	**1,663,003**
Total assets	**117,584,230**	**8,758,755**	**1,700,633**	**128,043,618**

Dec.31, 2013	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	5,746,507	907,098	98,709	6,752,314
Expenses according to geographical segment	(2,169,461)	(654,445)	(88,196)	(2,912,102)
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

	Last 3 Months Jun.30, 2014 EGP thousand	Last 6 Months Jun.30, 2014 EGP thousand	Last 3 Months Jun.30, 2013 EGP thousand	Last 6 Months Jun.30, 2013 EGP thousand
Interest and similar income				
- Banks	33,614	61,054	74,602	107,765
- Clients	983,844	1,910,102	1,033,013	1,985,453
	1,017,458	1,971,156	1,107,615	2,093,218
Treasury bills and bonds	1,657,461	3,238,752	1,213,023	2,335,618
Reverse repos	1,177	1,177	6,002	6,002
Financial investments in held to maturity and available for sale debt instruments	28,179	57,649	34,397	68,740
Total	2,704,275	5,268,734	2,361,037	4,503,578
Interest and similar expense				
- Banks	19,966	46,693	15,348	42,585
- Clients	1,250,283	2,415,675	1,073,256	2,025,953
	1,270,249	2,462,368	1,088,604	2,068,538
Financial instruments purchased with a commitment to re-sale (Repos)	-	-	-	25,580
Other	-	543	1,703	3,642
Total	1,270,249	2,462,911	1,090,307	2,097,760
Net interest income	1,434,026	2,805,823	1,270,730	2,405,818

7 . Net fee and commission income

	Last 3 Months Jun.30, 2014 EGP thousand	Last 6 Months Jun.30, 2014 EGP thousand	Last 3 Months Jun.30, 2013 EGP thousand	Last 6 Months Jun.30, 2013 EGP thousand
Fee and commission income				
Fee and commissions related to credit	218,074	438,695	215,916	375,417
Custody fee	15,768	32,083	11,322	26,498
Other fee	173,709	293,200	152,148	266,680
Total	407,551	763,978	379,386	668,595
Fee and commission expense				
Other fee paid	43,381	80,233	33,833	63,132
Total	43,381	80,233	33,833	63,132
Net income from fee and commission	364,170	683,745	345,553	605,463

8 . Dividend income

	Last 3 Months Jun.30, 2014 EGP thousand	Last 6 Months Jun.30, 2014 EGP thousand	Last 3 Months Jun.30, 2013 EGP thousand	Last 6 Months Jun.30, 2013 EGP thousand
Available for sale securities	27,121	27,344	11,538	12,275
Subsidiaries and associates	-	1,012	-	-
Total	27,121	28,356	11,538	12,275

9 . Net trading income

	Last 3 Months Jun.30, 2014 EGP thousand	Last 6 Months Jun.30, 2014 EGP thousand	Last 3 Months Jun.30, 2013 EGP thousand	Last 6 Months Jun.30, 2013 EGP thousand
Profit (losses) from foreign exchange	66,976	119,283	123,896	222,326
Profit (losses) from revaluations of trading assets and liabilities in foreign currencies	1,268	1,569	956	2,782
Profit (Loss) from forward foreign exchange deals revaluation	(6,854)	(8,000)	(6,189)	(14,647)
Profit (Loss) from interest rate swaps revaluation	(300)	120	(843)	(1,571)
Profit (Loss) from currency swap deals revaluation	(599)	61	10,573	956
Trading debt instruments	187,217	285,906	114,302	165,071
Trading equity instruments	-	700	847	761
Total	247,708	399,639	243,542	375,678

10 . Administrative expenses

	Last 3 Months Jun.30, 2014 EGP thousand	Last 6 Months Jun.30, 2014 EGP thousand	Last 3 Months Jun.30, 2013 EGP thousand	Last 6 Months Jun.30, 2013 EGP thousand
Staff costs				
- Wages and salaries	201,670	408,414	181,962	368,553
- Social insurance	7,753	25,570	7,086	20,619
- Other benefits	8,542	22,115	7,697	17,813
Other administrative expenses	147,487	301,788	145,859	280,263
Total	365,452	757,887	342,604	687,248

11 . Other operating (expenses) income

	Last 3 Months Jun.30, 2014 EGP thousand	Last 6 Months Jun.30, 2014 EGP thousand	Last 3 Months Jun.30, 2013 EGP thousand	Last 6 Months Jun.30, 2013 EGP thousand
Profits (Losses) from non-trading assets and liabilities revaluation	(8,566)	(7,766)	(2,658)	93,419
Profits (losses) from selling property, plant and equipment	319	392	4	495
Release (charges) of other provisions	(52,935)	(98,155)	(34,362)	(68,930)
Others	(82,569)	(187,380)	(142,407)	(257,685)
Total	(143,751)	(292,909)	(179,423)	(232,701)

12 . Impairment (charge) release for credit losses

	Last 3 Months Jun.30, 2014 EGP thousand	Last 6 Months Jun.30, 2014 EGP thousand	Last 3 Months Jun.30, 2013 EGP thousand	Last 6 Months Jun.30, 2013 EGP thousand
Loans and advances to customers	(174,573)	(359,160)	(264,459)	(490,785)
Total	(174,573)	(359,160)	(264,459)	(490,785)

13 . Adjustments to calculate the effective tax rate

	Last 3 Months Jun.30, 2014 EGP thousand	Last 6 Months Jun.30, 2014 EGP thousand	Last 3 Months Jun.30, 2013 EGP thousand	Last 6 Months Jun.30, 2013 EGP thousand
Profit after settlement	1,394,659	2,516,986	1,085,138	1,990,714
Tax rate	25%-30%	25%-30%	25.00%	25.00%
Income tax based on accounting profit	474,463	755,046	271,784	497,679
Add / (Deduct)				
Non-deductible expenses	(8,736)	20,419	10,818	12,150
Tax exemptions	(18,076)	(30,961)	(14,791)	(32,340)
Effect of provisions	67,529	114,278	148,014	188,775
Depreciation	(4,798)	(4,798)	500	500
Income tax	510,382	853,983	416,325	666,764
Effective tax rate	36.60%	33.93%	38.37%	33.49%

14 . Earning per share

	Last 3 Months Jun.30, 2014 EGP thousand	Last 6 Months Jun.30, 2014 EGP thousand	Last 3 Months Jun.30, 2013 EGP thousand	Last 6 Months Jun.30, 2013 EGP thousand
Net profit for the period available for distribution	884,277	1,663,003	668,813	1,338,968
Board member's bonus	(13,264)	(24,945)	(10,032)	(20,085)
Staff profit sharing	(88,428)	(166,300)	(66,881)	(133,897)
Profits shareholders' Stake	782,585	1,471,758	591,899	1,184,986
Number of shares	908,173	908,173	908,173	908,173
Basic earning per share	0.86	1.62	0.65	1.30
By issuance of ESOP earning per share will be:				
Number of shares including ESOP shares	924,962	924,801	919,601	918,548
Diluted earning per share	0.85	1.59	0.64	1.29

15 Cash and balances with Central Bank

	Jun.30, 2014 EGP thousand	Dec.31, 2013 EGP thousand
Cash	1,837,082	1,674,626
Obligatory reserve balance with CBE		
- Current accounts	4,298,440	3,121,614
Total	6,135,522	4,796,240
Non-interest bearing balances	6,135,522	4,796,240

16 Due from banks

	Jun.30, 2014 EGP thousand	Dec.31, 2013 EGP thousand
Current accounts	530,758	520,681
Deposits	10,866,806	8,372,990
Total	11,397,564	8,893,671
Central banks	3,530,236	3,225,196
Local banks	720,954	647,259
Foreign banks	7,146,374	5,021,216
Total	11,397,564	8,893,671
Non-interest bearing balances	466,867	163,772
Fixed interest bearing balances	10,930,697	8,729,899
Total	11,397,564	8,893,671
Current balances	11,397,564	8,893,671
Total	11,397,564	8,893,671

17 Treasury bills and other governmental notes

	Jun.30, 2014 EGP thousand	Dec.31, 2013 EGP thousand
91 Days maturity	4,476,599	6,524,097
182 Days maturity	6,486,017	7,197,086
364 Days maturity	10,543,820	11,010,950
Unearned interest	(923,334)	(1,077,320)
Total 1	20,583,102	23,654,813
Reverse repos treasury bonds	77,922	-
Total 2	77,922	-
Net	20,661,024	23,654,813

18 Trading financial assets

	Jun.30, 2014 EGP thousand	Dec.31, 2013 EGP thousand
Debt instruments		
- Governmental bonds	2,937,236	2,047,967
Total	2,937,236	2,047,967
Equity instruments		
- Foreign company shares	-	8,882
- Mutual funds	145,149	136,008
Total	145,149	144,890
- Portfolio managed by others	179,885	53,491
Total financial assets for trading	3,262,270	2,246,348

19 . Loans and advances to banks

	Jun.30, 2014 EGP thousand	Dec.31, 2013 EGP thousand
Time and term loans	89,247	153,833
Less:Impairment provision	(19,701)	(21,411)
Total	69,546	132,422
Current balances	38,466	102,220
Non-current balances	31,080	30,202
Total	69,546	132,422

Analysis for impairment provision of loans and advances to banks

	Jun.30, 2014 EGP thousand	Dec.31, 2013 EGP thousand
Beginning balance	21,411	29,299
Charge (release) during the year	(1,852)	(9,225)
Exchange revaluation difference	142	1,337
Ending balance	19,701	21,411

20 . Loans and advances to customers

	Jun.30, 2014 EGP thousand	Dec.31, 2013 EGP thousand
Individual		
- Overdraft	1,372,703	1,173,943
- Credit cards	864,749	765,624
- Personal loans	5,217,741	4,181,386
- Mortgages	353,488	383,144
- Other loans	21,610	10,842
Total 1	7,830,291	6,514,939
Corporate		
- Overdraft	6,189,053	5,015,511
- Direct loans	25,481,577	24,125,579
- Syndicated loans	9,810,692	9,630,556
- Other loans	155,595	109,232
Total 2	41,636,917	38,880,878
Total Loans and advances to customers (1+2)	49,467,208	45,395,817
Less:		
Unamortized bills discount	(3,490)	(6,635)
Impairment provision	(3,234,488)	(2,842,840)
Unearned interest	(896,112)	(708,390)
Net loans and advances to customers	45,333,118	41,837,952
Distributed to		
Current balances	19,295,875	16,679,527
Non-current balances	26,037,243	25,158,425
Total	45,333,118	41,837,952

Analysis for impairment provision of loans and advances to customers

	Individual					
Jun.30, 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 period	7,564	168	(14,781)	(2,464)	18,400	8,887
Write off during the period	-	(2,735)	-	-	-	(2,735)
Recoveries during the period	1	2,541	30	-	-	2,572
Ending balance	16,796	8,365	67,910	11,320	21,609	126,000

	Corporate				
Jun.30, 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 period	75,850	209,621	67,120	(467)	352,124
Write off during the period	-	-	-	-	-
Recoveries during the period	-	194	-	-	194
Exchange revaluation difference	3,158	19,067	8,381	-	30,606
Ending balance	413,210	2,182,213	508,565	4,500	3,108,488

	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

	Jun.30, 2014			Dec.31, 2013		
	Notional amount	**Assets**	**Liabilities**	Notional amount	Assets	Liabilities
Foreign currencies derivatives						
- Forward foreign exchange contracts	**1,915,744**	**6,723**	**12,241**	1,250,176	13,376	18,955
- Currency swap	**1,609,846**	**8,790**	**6,525**	1,990,431	22,576	12,312
- Options	**165,453**	**15,588**	**15,588**	38,331	13,794	13,794
Total 1		**31,101**	**34,354**		49,746	45,061
Interest rate derivatives						
- Interest rate swaps	**1,021,447**	**4,361**	**2,038**	389,502	6,679	3,744
Total 2		**4,361**	**2,038**		6,679	3,744
- Commodity 3	**7,596**	**9**	**9**	-	-	-
Total assets (liabilities) for trading derivatives (1+2+3)		**35,471**	**36,401**		56,425	48,805

21.1.2 . Fair value hedge

	Notional amount	**Assets**	**Liabilities**	Notional amount	Assets	Liabilities
Interest rate derivatives						
- Governmental debit instruments hedging	**621,189**	**-**	**65,829**	603,658	-	57,476
- Customers deposits hedging	**3,095,317**	**37,936**	**3,345**	3,847,747	46,660	8,598
Total 4		**37,936**	**69,174**		46,660	66,074
Total financial derivatives (1+2+3+4)		**73,407**	**105,575**		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 65,829 thousand at the June 30, 2014 against EGP 57,476 thousand at the December 31, 2013, Resulting in net losses form hedging instruments at the June 30, 2014 EGP 8,353 thousand against net gain EGP 40,233 thousand at the December 31, 2013. Gains arises from the hedged items at the June 30, 2014 reached EGP 6,708 thousand against losses arises EGP 48,857 thousand at the 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 34,591 thousand at the end of June, 2014 against EGP 38,063 thousand at the December 31, 2013, Resulting in net losses form hedging instruments at the June 30, 2014 EGP 3,471 thousand against net losses EGP 52,093 thousand at the December 31, 2013. Gains arises from the hedged items at the 30 June , 2014 reached EGP 9,714 thousand against gains EGP 60,224 thousand at the 31 December , 2013.

22 . Financial investments

	Jun.30, 2014	Dec.31, 2013
Available for sale	**EGP thousand**	EGP thousand
- Listed debt instruments with fair value	**26,544,100**	22,556,423
- Listed equity instruments with fair value	**87,790**	86,327
- Unlisted instruments	**552,166**	720,751
Total	**27,184,056**	23,363,501
Held to maturity		
- Listed debt instruments	**8,961,481**	4,159,661
- Unlisted instruments	**27,513**	27,513
Total	**8,988,994**	4,187,174
Total financial investment	**36,173,050**	27,550,675
- Actively traded instruments	**34,673,679**	25,948,390
- Not actively traded instruments	**1,499,371**	1,602,285
Total	**36,173,050**	27,550,675
Fixed interest debt instruments	**34,405,425**	25,791,803
Floating interest debt instruments	**1,100,156**	1,097,845
Total	**35,505,581**	26,889,648

	Available for sale financial investments	**Held to maturity financial investments**	**Total**
			EGP thousand
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	**6,195,277**	**4,804,952**	**11,000,229**
Deduction (selling - redemptions)	**(2,792,297)**	**(3,132)**	**(2,795,429)**
Exchange revaluation differences for foreign financial assets	**38,176**	**-**	**38,176**
Profit (losses) from fair value difference	**379,399**	**-**	**379,399**
Impairment (charges) release	**-**	**-**	**-**
Ending Balance	**27,184,056**	**8,988,994**	**36,173,050**

22.1 . Profit (Losses) from financial investments

	Last 3 Months Jun.30, 2014 EGP thousand	Last 6 Months Jun.30, 2014 EGP thousand	Last 3 Months Jun.30, 2013 EGP thousand	Last 6 Months Jun.30, 2013 EGP thousand
Profit (Loss) from selling available for sale financial instruments	5,414	9,387	277	2,229
Impairment release (charges) of available for sale equity instruments	-	-	(17)	(17)
Profit (Loss) from selling held to maturity debt investments	(4)	(8)	1	2
Total	5,410	9,379	261	2,214

23 . Investments in subsidiary and associates

Jun.30, 2014	Company's country	Company's assets	Company's liabilities (without equity)	Company's revenues	Company's net profit	Investment book value	Stake %
Subsidiaries						EGP thousand	
- CI Capital Holding	Egypt	1,222,772	839,349	159,993	66,596	428,011	99.98
Associates							
- Commercial International Life Insurance	Egypt	2,569,274	2,483,771	919,478	13,150	49,020	45
- Corplease	Egypt	2,068,961	1,852,691	131,465	6,736	75,055	43
- Haykala for investment	Egypt	4,770	381	94	39	600	40
- Egypt Factors	Egypt	463,728	406,057	12,681	228	41,770	39
- International Co. for Security and Services (Falcon)	Egypt	141,893	118,665	46,521	2,444	12,000	40
Total		6,471,398	5,700,914	1,270,232	89,193	606,456	

Dec.31, 2013	Company's Country	Company's Assets	Company's Liabilities (without equity)	Company's Revenues	Company's Net Profit	Investment book value	Stake %
Subsidiaries						EGP thousand	
- 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 *

	Jun.30, 2014	Dec.31, 2013
	EGP thousand	EGP thousand
Commercial unit number f 35 in arkadia mall (14 elbahr st. Boulak kornish el nile)	432	432
Land area with 1468.85 meters elsaidi basin -markaz nabrouh eldakahlia	-	1,122
Land and a bulding in elmansoura elnahda street 766.3 meters	3,463	3,463
Agricultural area 1 feddan 14t and 17.25 shares near el azazi fakous elsharkia	161	161
Agriculutral area - markaz shebin eldakahlia	-	4,518
Total	4,056	9,696

** Including non registered properties by EGP 593 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

	Jun.30, 2014	Dec.31, 2013
	EGP thousand	EGP thousand
Accrued revenues	2,223,239	1,703,815
Prepaid expenses	103,783	114,870
Advances to purchase of fixed assets	137,704	134,327
Accounts receivable and other assets	788,444	906,537
Assets acquired as settlement of debts	20,246	20,246
Total	3,273,416	2,879,795

26 . Property, plant and equipment

	Jun.30, 2014							
	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total
								EGP thousand
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	41,362	21,925	3,192	30,771	18,832	2,727	119,018
Ending gross assets (2)	64,709	681,196	1,015,073	62,774	428,108	343,191	124,003	2,719,054
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	-	15,543	41,380	1,847	25,833	15,426	2,896	102,925
Accu.depreciation at end of the year (4)	-	221,339	755,790	36,542	342,766	274,444	107,541	1,738,422
Ending net assets (2-4)	64,709	459,857	259,283	26,232	85,342	68,747	16,462	980,632
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 77,199 thousand non registered assets while their registrations procedures are in process.

27 . Due to banks

	Jun.30, 2014 EGP thousand	Dec.31, 2013 EGP thousand
Current accounts	647,666	1,038,717
Deposits	35,701	334,693
Total	683,367	1,373,410
Central banks	31,805	3,854
Local banks	46,508	313,338
Foreign banks	605,054	1,056,218
Total	683,367	1,373,410
Non-interest bearing balances	543,642	1,026,036
Fixed interest bearing balances	139,725	347,374
Total	683,367	1,373,410
Current balances	647,666	1,038,717
Non-current balances	35,701	334,693
Total	683,367	1,373,410

28 . Due to customers

	Jun.30, 2014 EGP thousand	Dec.31, 2013 EGP thousand
Demand deposits	27,260,280	23,043,882
Time deposits	32,421,784	30,507,693
Certificates of deposit	28,746,055	25,259,129
Saving deposits	20,237,790	16,786,188
Other deposits	2,499,281	1,343,378
Total	111,165,190	96,940,270
Corporate deposits	55,193,131	48,394,255
Individual deposits	55,972,059	48,546,015
Total	111,165,190	96,940,270
Non-interest bearing balances	17,701,704	16,520,501
Fixed interest bearing balances	93,463,486	80,419,769
Total	111,165,190	96,940,270
Current balances	79,772,821	70,300,955
Non-current balances	31,392,369	26,639,315
Total	111,165,190	96,940,270

29 . Long term loans

	Interest rate %	Maturity date	Maturing through next year EGP thousand	Balance on Jun.30, 2014 EGP thousand	Balance on Dec.31, 2013 EGP thousand
Financial Investment & Sector Cooperation (FISC)	3.5 - 5.5 depends on maturity date	3-5 years	-	-	556
Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	58,506	66,555	31,380
Social Fund for Development (SFD)	3 months T/D or 9% which is more		55,972	145,633	100,217
Total			114,478	212,188	132,153

30 . Other liabilities

	Jun.30, 2014 EGP thousand	Dec.31, 2013 EGP thousand
Accrued interest payable	599,176	574,522
Accrued expenses	317,687	331,204
Accounts payable	369,435	471,928
Other credit balances	152,724	68,393
Total	**1,439,022**	1,446,047

31 . Other provisions

Jun.30, 2014	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance EGP thousand
Provision for income tax claims	6,910	-	-	-	-	6,910
Provision for legal claims	28,772	1,486	18	(1,173)	-	29,103
Provision for Stamp Duty	31,000	-	-	-	-	31,000
Provision for contingent	362,720	95,283	5,381	-	-	463,384
* Provision for other claim	21,353	1,387	12	(5,133)	-	17,619
Total	**450,755**	**98,156**	**5,411**	**(6,306)**	**-**	**548,016**

Dec.31, 2013	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance EGP thousand
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 June 30, 2014 amounted to EGP 1,387 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:

	Jun.30, 2014 Assets (Liabilities)	Dec.31, 2013 Assets (Liabilities)
	EGP thousand	EGP thousand
Fixed assets (depreciation)	(24,016)	(23,992)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	14,017	12,531
Other investments impairment	49,219	49,219
Reserve for employee stock ownership plan (ESOP)	34,337	45,997
Total	73,557	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 period are as follows:

	Jun.30, 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	-	(832)
Exercised during the year	(7,930)	(2,935)
Outstanding at the end of the year	23,026	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	10,033
	2016	10.00	16.84	5,955
	2017	10.00	22.84	7,038
Total				23,026

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)

	Jun.30, 2014 EGP thousand	Dec.31, 2013 EGP thousand
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	(332,632)	(720,468)
Banking risks reserve	1,991	1,991
Total	2,169,199	205,497

35.1 . Banking risks reserve

	Jun.30, 2014 EGP thousand	Dec.31, 2013 EGP thousand
Beginning balance	1,991	103,717
Transferred from profits	-	(101,726)
Ending balance	1,991	1,991

35.2 . Legal reserve

	Jun.30, 2014 EGP thousand	Dec.31, 2013 EGP thousand
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

	Jun.30, 2014 EGP thousand	Dec.31, 2013 EGP thousand
Beginning balance	(720,468)	153,507
Unrealized gains (losses) from A.F.S investment revaluation	387,836	(873,975)
Ending balance	(332,632)	(720,468)

35.4 . Retained earnings (losses)

	Jun.30, 2014 EGP thousand	Dec.31, 2013 EGP thousand
Beginning balance	-	1,002
Dividend previous year	-	(1,002)
Ending balance	-	-

36 . Cash and cash equivalent

	Jun.30, 2014 EGP thousand	Dec.31, 2013 EGP thousand
Cash and balances with Central Bank	6,135,522	4,796,240
Due from banks	11,397,564	8,893,671
Treasury bills and other governmental notes	20,661,024	23,654,812
Obligatory reserve balance with CBE	(3,258,699)	(3,224,659)
Due from banks (time deposits) more than three months	(7,608,108)	(5,148,331)
Treasury bills with maturity more than three months	(16,259,083)	(17,212,737)
Total	11,068,220	11,758,996

37 . Contingent liabilities and commitments

37.1 . Legal claims

There are a number of existing cases filed against the bank on June.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 37,701 thousand as follows:

	Investments value	Paid	Remaining
	EGP thousand	EGP thousand	EGP thousand
Available for sale financial investments	90,195	52,493	**37,701**

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 24,617 thousand.

37.3 . Letters of credit, guarantees and other commitments

	Jun.30, 2014	Dec.31, 2013
	EGP thousand	EGP thousand
- Letters of guarantee	**18,806,358**	14,959,373
- Letters of credit (import and export)	**2,403,372**	750,766
- Customers acceptances	**884,427**	472,351
Total	**22,094,157**	16,182,490

38 . Mutual funds

Osoul fund

- The Bank established an accumulated return mutual fund under license no.331 issued from capital market authority on February 22, 2005 CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 23,214,809 with redeemed value EGP 5,195,474 thousands.
- The market value per certificate reached EGP 223.80 on June 30, 2014.
- The Bank portion got 601,064 certificates with redeemed value EGP 134,518 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 2,151,545 with redeemed value EGP 204,612 thousands.
- The market value per certificate reached EGP 95.10 on June 30, 2014.
- The Bank portion got 194,744 certificates with redeemed value EGP 18,520 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 1,039,504 with redeemed value EGP 61,996 thousands.
- The market value per certificate reached EGP 59.64 on June 30, 2014.
- The Bank portion got 71,943 certificates with redeemed value EGP 4,291 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 173,289 with redeemed value EGP 25,056 thousands.
- The market value per certificate reached EGP 144.59 on June 30, 2014.
- The Bank portion got 50,000 certificates with redeemed value EGP 7,230 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 616,310 with redeemed value EGP 84,182 thousands.
- The market value per certificate reached EGP 136.59 on June 30, 2014.
- The Bank portion got 52,404 certificates with redeemed value EGP 7,158 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 thousand
Loans and advances	857,585
Deposits	611,234
Contingent liabilities	57,291

39.2 Other transactions with related parties

	Income EGP thousand	Expenses EGP thousand
International Co. for Security & Services	465	25,467
Corplease Co.	20,529	15,521
Commercial International Life Insurance Co.	2,722	1,854
Commercial International Brokerage Co.	18,983	10,954
Dynamics Company	805	568
Egypt Factors	9,950	7,174
CI Assets Management	140	42
Commercial International Capital Holding Co.	10,726	8,068

40 . Tax status

Corporate income tax

The Bank's corporate income tax position has been examined and settled with the tax authority from the start up of operations up to the end of year 1984.

Corporate income tax for the years from 1985 up to 2000 were paid according to the tax appeal committee decision and the disputes are under discussion in the court of law.

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

The Bank's corporate income tax position has been examined from Year 2007-2008.

The Bank's corporate income tax position under examination for the period 2009-2010.

Salary tax

The Bank's salary tax were examined , the payment and settlement of tax gain work from the beginning of the activity until the end of 2010.

The Bank's salary tax position under examination for the period 2011-2012.

Stamp duty tax

The Bank stamp duty tax calculated according to concerning domestic regulations and laws,and settlement done in time according to the law ,and the disputes are under discussion in the court of law .

The Bank stamp duty tax were examined stamp tax for the period from 1/8/2006 until 31/12/2007 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 2008 to the first quarter 2013.

41 . Main currencies positions

	Jun.30, 2014 **EGP thousand**	Dec.31, 2013 EGP thousand
Egyptian pound	**(62,492)**	(34,719)
US dollar	**59,973**	6,897
Sterling pound	**(2,692)**	21,249
Japanese yen	**70**	242
Swiss franc	**173**	(297)
Euro	**(7,250)**	2,247

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