CIB

IFRS Consolidated
Financial Statement

December
2014

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Allied for Accounting & Auditing
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Independent auditor's report to the shareholders of the Commercial International Bank (Egypt) S.A.E.

We have audited the accompanying financial statements of Commercial International Bank (Egypt) S.A.E. and its subsidiaries ("the Bank"), which comprise the consolidated balance sheet as at 31 December 2014 and the consolidated income statement, comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstance.

Auditor's responsibility

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

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

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

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respect, the financial position of the Bank as of 31 December 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emad Hafez Ragheb

Partner

29 March 2015

Cairo

Consolidated income statement for the year ended December 31, 2014

	Notes	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Interest and similar income		11,544,829	9,520,697
Interest and similar expense		(5,292,276)	(4,470,406)
Net interest income	3	6,252,553	5,050,291
Fee and commission income		1,892,119	1,436,107
Fee and commission expense		(182,135)	(128,827)
Net fee and commission income	4	1,709,984	1,307,280
Dividend income	5	32,270	16,915
Net trading income	6	718,261	767,392
(Losses) Gain from financial investments	22	(29,122)	(28,672)
Goodwill impairment		-	(90,613)
Administrative expenses	7	(2,290,403)	(1,935,784)
Other operating (expenses) income	8	(710,135)	(386,604)
Impairment (charge) for credit losses	9	(588,794)	(915,582)
Intangible Assets impairment and amortization	39	-	(33,422)
Bank's share in the profits of associates	12	24,510	22,097
Profit before income tax		5,119,124	3,773,298
Current income tax expense		(1,831,273)	(1,182,253)
Deferred income tax		38,180	12,149
Net Profit for the year		3,326,031	2,603,194
Attributable to:			
Equity holders of the bank		3,324,242	2,603,305
Non-controlling interest		1,789	(111)
Net Profit for the year		3,326,031	2,603,194
Earning per share	11		
Basic		3.66	2.89
Diluted		3.59	2.85

Hisham Ezz El-Arab
Chairman and Managing Director

Statement of other comprehensive income for the year ended December 31, 2014

	Dec. 31, 2014	Dec. 31, 2013
	EGP Thousands	EGP Thousands
Profit for the year	**3,326,031**	2,603,194
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Net (Loss)/gain on available-for-sale financial assets	**127,243**	(873,844)
Other comprehensive income for the year	**127,243**	(873,844)
Total comprehensive income for the year	**3,453,274**	1,729,350
Attributable to:		
Equity holders of the bank	**3,451,485**	1,729,461
Non-controlling interests	**1,789**	(111)

Consolidated statement of financial position as at December 31, 2014

	Notes	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Assets			
Cash and balances with Central Bank	13	7,502,256	4,796,240
Due from banks	14	9,521,999	9,003,951
Treasury bills and other governmental notes	15	30,548,890	23,665,429
Financial assets held for trading	16	3,762,718	2,295,220
Loans and advances to banks	17	118,091	132,422
Loans and advances to customers	18	48,685,630	41,733,252
Derivative financial instruments	19	52,188	103,085
Financial investments			
- Available for sale	21	27,702,122	23,378,104
- Held to maturity	21	9,160,746	4,197,177
Investments in associates	23	181,661	192,753
Investment property	24	884,094	-
Other assets	25	4,585,686	3,201,629
Deferred tax assets	10.2	121,737	83,557
Property, plant and equipment	26	1,001,815	998,747
Total assets		143,829,633	113,781,566
Liabilities and equity			
Liabilities			
Due to banks	27	1,131,385	1,373,410
Due to customers	28	121,974,959	96,845,683
Derivative financial instruments	19	137,175	114,879
Other liabilities	30	3,401,729	1,990,010
Current Tax Liability		1,831,273	1,182,253
Long term loans	29	242,878	132,154
Other provisions	31	730,312	454,699
Total liabilities		129,449,711	102,093,088
Equity			
Issued and paid in capital	32	9,081,734	9,002,435
Reserves	33	1,905,930	203,343
Reserve for employee stock ownership plan (ESOP)		177,765	190,260
Retained earning		3,165,298	2,245,025
Total equity attributable to equity holders of the parent		14,330,727	11,641,063
Non-controlling interest		49,195	47,415
Total equity		14,379,922	11,688,478
Total liabilities , equity and non-controlling interest		143,829,633	113,781,566
Contingent liabilities and commitments			
Letters of credit, guarantees and other commitments	37	25,309,960	16,182,440

Hisham Ezz El-Arab
Chairman and Managing Director

Consolidated statement of changes in shareholders' equity

Dec. 31, 2013	Attributable to equity holders of the parents						
	Issued and paid in capital	Reserve for employee stock ownership plan (ESOP)	Retained earning	Reserves	Total	Non-controlling interest	Total equity
							EGP Thousands
Beginning balance	5,972,275	164,761	1,749,932	2,688,474	10,575,442	47,520	10,622,962
Profit for the year	-	-	2,603,305	-	2,603,305	(111)	2,603,194
Other comprehensive income	-	-	-	(873,844)	(873,844)	-	(873,844)
Total comprehensive income	-	-	2,603,305	(873,844)	1,729,461	(111)	1,729,350
Capital increase	3,030,160	-	-	(3,000,812)	29,348	-	29,348
Reserve for employees stock ownership plan (ESOP)	-	89,182	-	-	89,182	-	89,182
Dividend	-	-	(782,224)	-	(782,224)	-	(782,224)
Transferred to reserves	-	(63,683)	(1,325,842)	1,389,525	-	-	-
Change during the year	-	-	(146)	-	(146)	6	(140)
Balance at 31 December 2013	**9,002,435**	**190,260**	**2,245,025**	**203,343**	**11,641,063**	**47,415**	**11,688,478**
Profit for the year	**-**	**-**	**3,326,031**	**-**	**3,326,031**	**1,789**	**3,327,820**
Other comprehensive income	**-**	**-**	**-**	**127,243**	**127,243**	**-**	**127,243**
Total comprehensive income	**-**	**-**	**3,326,031**	**127,243**	**3,453,274**	**1,789**	**3,455,063**
Capital increase	**79,299**	**-**	**-**	**-**	**79,299**	**-**	**79,299**
Reserve for employees stock ownership plan (ESOP)	**-**	**99,857**	**-**	**-**	**99,857**	**-**	**99,857**
Dividend	**-**	**-**	**(942,775)**		**(942,775)**	**-**	**(942,775)**
Transferred to reserves	**-**	**(112,352)**	**(1,462,992)**	**1,575,344**	**-**	**-**	**-**
Change during the period	**-**	**-**	**9**	**-**	**9**	**(9)**	**-**
Balance at 31 December 2014	**9,081,734**	**177,765**	**3,165,298**	**1,905,930**	**14,330,727**	**49,195**	**14,379,922**

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

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Cash flow from operating activities		
Profit before income tax	**5,119,124**	3,773,298
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	**231,582**	219,013
Impairment charge for credit losses	**588,794**	915,582
Other provisions charges	**286,724**	132,957
Trading financial investments revaluation differences	**(4,957)**	11,861
Intangible assets impairment	**-**	33,422
Goodwill impairment	**-**	90,613
Available for sale and held to maturity investments foreign exchange revaluation	**(38,176)**	(124,231)
Financial investments impairment charge (release)	**65,748**	(6,136)
Utilization of other provisions	**(6,798)**	(10,383)
Other provisions no longer used	**(456)**	(142)
Exchange differences of other provisions	**(3,857)**	16,778
Profits from selling property, plant and equipment	**(2,106)**	(741)
Profits from selling financial investments	**(83,131)**	(4,363)
Shares based payments expense	**99,857**	89,182
Share of profits in associates	**(24,510)**	(22,097)
Finance expense related to financial lease contract	**2,483**	3,457
Operating profits before changes in operating assets and liabilities	**6,230,321**	5,118,070
Net decrease (increase) in assets and liabilities		
Due from banks	**(131,636)**	(642,434)
Treasury bills and other governmental notes	**(4,897,448)**	(9,149,658)
Trading financial assets	**(1,462,541)**	(783,020)
Derivative financial instruments	**73,193**	30,153
Loans and advances to banks and customers	**(7,526,841)**	(904,075)
Other assets	**(1,373,214)**	(544,594)
Repos	**-**	(3,175,711)
Due to banks	**(242,025)**	(341,453)
Due to customers	**25,129,276**	18,116,562
Other liabilities	**1,411,719**	383,922
Income tax paid	**(1,182,253)**	(887,265)
Income tax paid	**16,028,551**	7,220,497
Purchase of associates	**(16,877)**	(7,527)
Purchases of property, plant and equipment	**(245,493)**	(530,108)
Redemption of held to maturity financial investments	**-**	18,611
Purchases of held to maturity financial investments	**(4,963,569)**	-
Purchases of available for sale financial investments	**(9,079,241)**	(7,463,492)
Proceeds from selling property, plant and equipment	**2,106**	741
Proceeds from selling available for sale financial investments	**4,938,025**	4,523,701
Proceeds from selling real estate investments	**-**	700
Purchases of real estate investments	**(884,094)**	-
Net cash (used in) investing activities	**(10,249,143)**	(3,457,374)

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

	Dec. 31, 2014 EGP Thousands	Dec. 31, 2013 EGP Thousands
Cash flow from financing activities		
Long term loans receipts	**175,077**	100,218
Long term loans paid	**(64,352)**	(48,560)
Dividend paid	**(942,775)**	(782,224)
Capital increase	**79,299**	29,348
Payments related to finance lease	**(15,210)**	(11,816)
Net cash (used in) financing activities	**(767,961)**	(713,034)
Net increase (decrease) in cash and cash equivalent during the year	**5,011,447**	3,050,089
Beginning balance of cash and cash equivalent	**11,529,218**	8,479,129
Cash and cash equivalent at the end of the year	**16,540,665**	11,529,218
Cash and cash equivalent comprise:		
Cash and balances with Central Bank	**7,502,256**	4,804,974
Due from banks	**9,521,999**	9,003,951
Treasury bills and other governmental notes	**30,548,890**	23,665,429
Obligatory reserve balance with CBE	**(3,497,164)**	(3,224,659)
Due from banks (time deposits) more than three months	**(5,425,131)**	(5,507,739)
Treasury bills with maturity more than three months	**(22,110,185)**	(17,212,738)
Total cash and cash equivalent	**16,540,665**	11,529,218

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

1. Corporate information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 135 branches, and 26 units employing 5403 employees at the balance sheet date.

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

CI Capital Holding Co S.A.E. it was established as a joint stock company on April 9th, 2005 under the capital market law no. 95 of 1992 and its executive regulations. Financial register no. 166798 on April 10th, 2005 and the company have been licensed by the Capital Market Authority to carry out its activities under license no. 353 on May 24th, 2006.

As of December 31, 2014 the Bank directly owns 54,988,500 shares representing 99.98% of CI Capital Holding Company's capital and on December 31, 2014 CI Capital Holding Co. Directly owns the following shares in its subsidiaries:

	December 31, 2014	December 31, 2013
Company name	**Ownership%**	**Ownership%**
CIBC Co.	96.60	96.60
CI Assets Management	95.72	95.72
CI Investment Banking Co.	99.26	99.26
Dynamic Brokerage Co.	99.97	99.97

2. Accounting policies

2.1. Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis , except for available for sale investments, derivative financial instruments , financial assets and liabilities classified as trading or held at fair value through profit or loss, equity settled share–based payments, all of which have been measured at fair value. The carrying values of recognized assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortized cost, are adjusted to record changes in fair value attributable to the risks that are being hedged. The consolidated financial statements are presented in Egyptian pound (EGP).

Presentation of financial statements

The Bank presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in note 3.2.4.

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the consolidated income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the bank and its subsidiaries as at 31 December 2014. Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The bank has the majority of the voting or similar rights of an investee, the bank considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The bank's voting rights and potential voting rights

Consolidation of a subsidiary begins when the bank obtains control over the subsidiary and ceases when the bank loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the bank gains control until the date the bank ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the bank and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the bank's accounting policies. All intra-bank assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the bank are eliminated in full on consolidation.
A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the bank loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the bank had directly disposed of the related assets or liabilities.

Loss of Control

When the bank loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Investment in Associates

An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those polices .

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The bank determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the bank calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/ (loss) of an associate' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the bank and its associate are recognised in the bank's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

2.3. Significant accounting judgements, estimates and assumptions

The preparation of the Bank's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Bank based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2014 is set out below in relation to the impairment of financial instruments and in the following notes:

•• Note 36 – determination of fair value of financial instruments with significant unobservable inputs;

•• Note 34 – recognition of deferred tax assets: availability of future taxable profit against which carryforward tax losses can be used;

•• Note 41 – impairment testing for CGUs containing goodwill: key assumptions underlying recoverable amounts; and

•• Notes 31and 38 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Going concern

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

Therefore, the financial statements continue to be prepared on the going concern basis.

Determination of fair value

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison with similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models. Certain financial instruments are recorded at fair value using valuation techniques in which current market transactions or observable market data are not available. Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Bank's best estimate of the most appropriate model assumptions. Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the models

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 37.

The bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are

available to measure fair value, maximising the use of relevant observable inputs and minimising the use of

unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The bank's valuation committee determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted AFS financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, such as properties and AFS financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the valuation committee after discussion with and approval by the Company's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. valuers are normally rotated every three years. The valuation committee decides, after discussions with the Bank's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, "the direct investment exposure unit '' operating under "investment committee '' analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the bank's accounting policies. For this analysis, the valuation committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The valuation committee, in conjunction with the bank's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy Note 37.

Impairment of loans and advances

The Bank reviews its individually significant loans and advances at each statement-of-financial-position date to assess whether an impairment loss should be recorded in the income statement. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. Loans and advances that have been assessed individually (and found not to be impaired) are assessed together with all individually insignificant loans and advances in groups of assets with similar risk characteristics. This is to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilisation, loan-to-collateral ratios, etc.), and judgements on the effect of concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups). The impairment loss on loans and advances is disclosed in more detail in Note 20.

Impairment of available-for-sale investments

The Bank reviews its debt securities classified as available-for-sale investments at each reporting date to assess whether they are impaired. This requires similar judgement as applied to the individual assessment of loans and advances. The Bank also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Bank evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost. The impairment loss on available for sale investments is disclosed in more detail in Note 11.

Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies .Tax losses can be used indefinitely.

2.4. Summary of significant accounting policies

(1) Foreign currency translation

The consolidated financial statements are denominated and presented in Egyptian pound, which is also the functional currency of the Bank. Transactions in foreign currencies are translated into Egyptian pound at exchange rates prevailing at transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the year are translated into Egyptian pound at the exchange rates prevailing at the reporting date.

Non–monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Non–monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

Realized and unrealized gains or losses on exchange are credited or charged to the statement of consolidated income.

(2) Financial instruments – initial recognition and subsequent measurement

(i) Date of recognition

All financial assets and liabilities are initially recognized on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

(ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

(iii) Derivatives recorded at fair value through profit or loss

The Bank uses derivatives such as interest rate swaps and futures, forward foreign exchange contracts and options on interest rates and foreign currencies. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in Net trading income.

(iv) Financial assets or financial liabilities held for trading

Financial assets or financial liabilities held for trading are recorded in the statement of financial position at fair value. Changes in fair value are recognized in Net trading income. Interest and dividend income or expense is recorded in Net trading income according to the terms of the contract, or when the right to the payment has been established. Included in this classification are debt securities and .

(v) Available-for-sale financial investments

Available-for-sale investments include equity and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

Debt securities in this category are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or in response to changes in the market conditions.

The Bank has not designated any loans or receivables as available-for-sale.

After initial measurement, available for sale financial investments are subsequently measured at fair value.

Unrealized gains and losses are recognized directly in equity (Other comprehensive income) in the Available for sale reserve. When the investment is disposed of, the cumulative gain or loss previously recognized in equity is recognized in the income statement in Other operating income. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR. Dividends earned whilst holding available-for-sale financial investments are recognized in the income statement as Other operating income when the right of the payment has been established. The losses arising from impairment of such investments are recognized in the income statement in 'Impairment losses on financial investments' and removed from the Available-for-sale reserve.

(vi) Held-to-maturity financial investments

Held-to-maturity financial investments are non–derivative financial assets with fixed or determinable payments and fixed maturities, which the Bank has the intention and ability to hold to maturity. After initial measurement, held to maturity financial investments are subsequently measured at amortized cost using the EIR less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in Interest and similar income in the income statement. The losses arising from impairment of such investments are recognized in the income statement line Credit loss expense. If the Bank were to sell or reclassify more than an insignificant amount of held to maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Bank would be prohibited from classifying any financial asset as held to maturity during the following two years.

(vii) Loans and advances

Loans and advances include 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 near term and those that the Bank, upon initial recognition, designates as at fair value through profit or loss.

-Those for which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration.

-Those the bank , upon initial recognition designate as available for sale .

After initial measurement, amounts Loans and advances to customers are subsequently measured at amortized cost using the EIR, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in Interest and similar income in the income statement. The losses arising from impairment are recognized in the income statement in impairment (charge) release for credit losses.

(3) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired
- The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement; and either:
  - The Bank has transferred substantially all the risks and rewards of the asset

    Or

  - The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

(ii) Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

(4) Sale and repurchase agreements

Securities sold with a commitment to repurchase at a specified future date (repos), continue to be recognized in the statement of consolidated financial position and are measured in accordance with related accounting policies for trading, FVIS, available for sale and other investments at amortized cost. The counterparty liability for amounts received under these agreements is included in due to banks and other financial institutions or customer deposits, as appropriate. The difference between the sale and the repurchase price is treated as special interest expense and is recognized over the life of the repo agreement on an effective yield basis.

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos), are not recognized in the statement of consolidated financial position, as the bank does not obtain control over the assets. Amounts paid under these agreements are included in cash and balances with Central Banks, due from banks and other financial institutions or loans and advances, as appropriate. The difference between the purchase and the resale price is treated as special commission income and is recognized over the life of the reverse repo agreement on an effective yield basis.

(5) Impairment of financial assets

The Bank assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganization; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(i) Financial assets carried at amortized 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 and impairment losses are incurred 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).
- A breach of contract , such as a default or delinquency in interest or principle payment.

- Initiation of bankruptcy proceedings.
- Deterioration of the borrower's competitive position.
- The bank, for economic or legal reasons relating to the borrowers financial difficulties granting the borrowers a concessions that the bank would not otherwise consider.
- 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.

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.

When a loan is uncollectible, it is written off against the related allowance for impairment.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized loss is reversed by adjusting the allowance account. The amount of the reserve is recognized in the consolidated income statement.

(ii) Available-for-sale financial investments

For available-for-sale financial investments, the Bank assesses at each reporting date whether there is objective evidence that an investment is impaired. In the case of debt instruments classified as available-for-sale, the Bank assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The interest income is recorded as part of Interest and similar income. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the income statement.

In the case of equity investments classified as available for sale, objective evidence would also include a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement – is removed from equity and recognized in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in the fair value after impairment are recognized in other comprehensive income.

(iv) Collateral valuation

The Bank seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Bank's quarterly reporting schedule, however, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Bank uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as audited financial statements, and other independent sources.

(v) Collateral repossessed

The Bank's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets that are determined better to be sold are immediately transferred to assets held for sale at their fair value at the repossession date in line with the Bank's policy.

(6)Impairment of non–financial assets

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Bank estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

Impairment losses relating to goodwill are not reversed in future periods.

(7) Hedge accounting

The Bank makes use of derivative instruments to manage exposures to interest rate, foreign currency and credit risks, including exposures arising from highly probable forecast transactions and firm commitments. In order to manage particular risks, the Bank applies hedge accounting for transactions which meet specified criteria.

At inception of the hedge relationship, the Bank formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and on an ongoing basis.

At each hedge effectiveness assessment date, a hedge relationship must be expected to be highly effective on a prospective basis and demonstrate that it was effective (retrospective effectiveness) for the designated period in order to qualify for hedge accounting. A formal assessment is undertaken by comparing the hedging instrument's effectiveness in offsetting the changes in fair value or cash flows attributable to the hedged risk in the hedged item, both at inception and at each quarter end on an ongoing basis. A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated were offset by the hedging instrument in a range of 80% to 125% and were expected to achieve such offset in future periods. Hedge ineffectiveness is recognized in the income statement in 'Net trading income'. For situations where the hedged item is a forecast transaction, the Bank also assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the income statement.

Fair value hedges

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognized in the income statement in Net trading income. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the statement of financial position and is also recognized in the income statement in Net trading income. If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. For hedged items recorded at amortized cost, the difference between the carrying value of the hedged item on termination and the face value is amortized over the remaining term of the original hedge using the recalculated EIR method. If the hedged item is derecognized, the unamortized fair value adjustment is recognized immediately in the income statement.

(8) Offsetting Financial Assets and Financial Liabilities:

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the bank has legal right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the trading activities.

IFRS 7 and its amendments have no impact on the consolidated financial statements.

(9) Leasing

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Bank leases certain property, plant and equipment. Leases of property, plant and equipment where the Bank has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

(10) Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Interest and similar income and expense

For all financial instruments measured at amortised cost, interest bearing financial assets classified as available for sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the EIR. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that aredirectly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest and similar income' for financial assets and Interest and similar expense for financial liabilities.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(ii) Fee and commission income

The Bank earns fee and commission income from a diverse range of services it provides to its customers.

Fee income can be divided into the following two categories:

Fee income earned from services that are provided over a certain period of time.

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees.

Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

(iii) Dividend income

Revenue is recognised when the Bank's right to receive the payment is established, which is generally when the shareholders approve the dividend.

(iv) Net trading income

Results arising from trading activities include all gains and losses from changes in fair value and related interest income or expense and dividends for financial assets and financial liabilities held for trading.

(11) Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, non–restricted current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less.

(12) Property plant and equipment

Property and equipment (including equipment under operating leases where the Bank is the lessor) is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated. The estimated useful lives are as follows:

Premises	25 years
Leasehold improvements	3 years, or over the period of the lease if less
Furniture and furnishing	5 years
Calculators and air conditioners	8 years
Vehicles	5 years
IT	3/10 years
Fitting –out	3 years

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in Other operating income in the income statement in the year the asset is derecognised.

(13) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the bank elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. When the bank acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Bank re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

(14) Intangible assets

The Bank's other intangible assets include the value of computer software and customer core deposits acquired in business combinations.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial yearend. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the income statement.

Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives.

(15) Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement.

(16) Share–based payment transactions

Employees (including senior executives) of the Bank receive remuneration in the form of share–based payment transactions, whereby employees render services as consideration for equity instruments (equity–settled transactions).

Equity–settled transactions

The cost of equity–settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date) the cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Bank's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period is recorded in Personnel expenses and represents the movement in cumulative expense recognised as at the beginning and end of that period.

Where the terms of an equity–settled award are modified, the minimum expense recognised in Personnel expenses is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share–based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity–settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non–vesting conditions within the control of either the entity or the counterparty are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

(17) Employee Benefits

For defined contribution plans, the Bank pays contributions to the General Organization for Social Insurance (GOSI) as a percentage of the employees' salaries. The Bank's obligation is limited to these contributions which are expensed when due.

(18) Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

(ii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognised directly in equity are also recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(19) Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Bank.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

(20) Equity reserves

The reserves recorded in equity (Other comprehensive income) on the Bank's statement of financial position

Include available-for-sale reserve, which comprises changes in fair value of available-for-sale investments.

(21) Segment reporting

The Bank's segment reporting is based on the following operating segments: Corporate Banking, SME's, Investment Banking and Retails Banking.

(22) Investment Property

"Investment Property" is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply services or for administrative purposes. The bank holds some investment property as a consequence of the ongoing rationalization of its retail branch network. Other property has been acquired through the enforcement of security over loans and advances. Investment property is initially measured at cost and tested for impairment through fair valuation to be allocated through fair value, in profit or loss.

Any gain or loss on disposal of an investment property (Calculated as the difference between the net proceeds from disposal and the carrying amount if the item) us recognized in profit or loss.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the fate of reclassification becomes its cost for subsequent accounting.

(23) Earnings per Share

The bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Bank by the weighted-average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(24) Financial Guarantees and Loan 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.

(25) Deposits

Deposits issued are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method.

2.5. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets, IFRS 9 (2010) introduces additions relating to financial liabilities. IFRS 9 (2013) introduces new requirements for hedge accounting. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets.

The IFRS 9 (2009) requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortized cost and fair value. A financial asset would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables. For an investment in equity instrument that is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in OCI. No amount recognized in OCI would ever be reclassified to profit or loss at a later date. However, dividends on such investments would be recognized in profit or loss, rather than OCI, unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which and entity does not elect to present fair value changes in OCI would be measured at face value with changes in fair value recognized in profit or loss.

The standard requires derivatives embedded in contracts with a host that is a financial asset in the scope of the standard not to be separated; instead, the hybrid financial instrument is assessed in its entirety for whether I should be measured at amortized cost or fair value.

IFRS 9 (2010) introduces a new requirement in respect of financial liabilities designated under the fair value option to generally present fair value changes that are attributable to the liability's credit risk in OCI rather than in profit or loss. Apart from this change, IFRS 9 (2010) largely carries forward without substantive amendment the guidance on classification and measurement of financial liabilities from IAS 39.

IFRS 9 (2013) introduces new requirements for hedge accounting that align hedge accounting more closely with risk management. The requirements also established a more principles-based approach to hedge accounting and address inconsistencies and weaknesses in the hedge accounting model in IAS 39.

The mandatory effective date of IFRS 9 is not specified but will be determined when the outstanding phases are finalized. However, application of IFRS 9 is permitted.

The process if evaluating the potential effect of this standard but is awaiting finalization of the limited amendments before the evaluation can be completed. Given the nature of the operations, this standard is expected to have a pervasive impact on the financial statements.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Bank, since none of the entities in the Bank would qualify to be an investment entity under IFRS 10.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Bank.

IFRIC 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Bank does not expect that IFRIC 21 will have material financial impact in future financial statements.

3 Net interest income

	Dec.31, 2014 EGP Thousands	Dec.31, 2013 EGP Thousands
Interest and similar income		
- Banks	216,234	201,284
- Clients	4,341,742	3,915,077
	4,557,976	4,116,361
Treasury bills and bonds	6,856,847	5,234,075
Reverse repos	6,456	27,136
Financial investments in held to maturity and available for sale debt instruments	123,550	143,080
Other	-	45
Total	11,544,829	9,520,697
Interest and similar expense		
- Banks	(77,885)	(91,504)
- Clients	(5,209,827)	(4,345,498)
	(5,287,712)	(4,437,002)
Financial instruments purchased with a commitment to re-sale (Repos)	-	(25,580)
Finance expense related to financial lease contract	(2,483)	(3,457)
Other	(2,081)	(4,367)
Total	(5,292,276)	(4,470,406)
Net interest income	6,252,553	5,050,291

4 Net fee and commission income

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

5 Dividend income

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

6 Net trading income

	Dec.31, 2014 EGP Thousands	Dec.31, 2013 EGP Thousands
Gain from foreign exchange	258,844	442,009
Forex gain from revaluations of trading assets and liabilities	2,340	4,293
(Loss) Gain from forward foreign exchange deals revaluation	(6,266)	(20,513)
(Loss) Gain from interest rate swaps revaluation	(1,282)	(1,098)
Profit (Loss) from currency swap deals revaluation	(38,002)	4,096
Net gains on trading securities	502,627	338,605
Total	718,261	767,392

7 . Administrative expenses

	Dec.31, 2014 EGP Thousands	Dec.31, 2013 EGP Thousands
1.Staff costs		
- Wages and salaries	**(855,908)**	(769,492)
- Social insurance	**(44,716)**	(34,796)
- Other benefits	**(457,695)**	(344,868)
Stock option	**(99,857)**	(89,182)
Depreciation *	**(231,582)**	(219,013)
Maintenance	**(175,837)**	(118,701)
Premises & Vehicles improvements and maintenance	**(230,562)**	(159,360)
Internship expense	**(359)**	(115)
Board Meeting & Director's expense	**(1,839)**	(1,655)
Uniform expense	**(410)**	(589)
2.Other administrative expenses	**(191,638)**	(198,013)
Total	**(2,290,403)**	(1,935,784)
***include depreciation related to financial lease contract amounting to:**	**(13,260)**	(12,034)

8 . Other operating (expenses) income

	Dec.31, 2014 EGP Thousands	Dec.31, 2013 EGP Thousands
Forex gains (losses) from non-trading assets and liabilities revaluation	**3,396**	89,858
Gains from selling property, plant and equipment	**2,106**	741
(Charges) release of other provisions	**(281,805)**	(133,066)
Care Service & Cash Trans. Expense	**(57,119)**	(36,987)
CBE Annual Expense	**(10,784)**	(8,699)
Stamp duty tax	**(183,027)**	(158,338)
Consultants	**(8,242)**	(12,249)
IT communications	**(107,232)**	(66,982)
Utilities	**(63,558)**	(41,366)
Others	**(3,870)**	(19,516)
Total	**(710,135)**	(386,604)

9 . Impairment (charge) release for credit losses

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

10 . Income Taxes

10.1 Adjustments to calculate the effective tax rate

	Dec.31, 2014 EGP Thousands	Dec.31, 2013 EGP Thousands
Profit before tax	**5,119,124**	3,773,298
Tax rate	**30% - 25%**	25.00%
Income tax based on accounting profit	**1,535,687**	943,324
Add / (Deduct)		
Non-deductible expenses	**152,187**	156,666
Tax exemptions	**(55,634)**	(71,694)
Effect of provisions	**166,302**	140,691
Depreciation	**(5,449)**	1,117
Income tax	**1,793,093**	1,170,104
Effective tax rate	**35.03%**	31.01%

10.2 . Deferred tax assets

Deferred tax assets and liabilities are attributable to the following:

	Net balance at 1 January	Recognised in profit or loss	Net	Deferred tax assets	Deferred tax liabilities
		Balance at 31 December 2014			
Fixed assets (depreciation)	(25,569)	(2,887)	(28,456)	-	(28,456)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	12,531	5,439	17,970	17,970	-
Other investments impairment	49,219	33,669	82,888	82,888	-
Reserve for employee stock ownership plan (ESOP)	47,376	1,959	49,335	49,335	-
Total Assets (Liabilities)	83,557	38,180	121,737	150,193	(28,456)

	Net balance at 1 January	Recognised in profit or loss	Net	Deferred tax assets	Deferred tax liabilities
		Balance at 31 December 2013			
Fixed assets (depreciation)	(19,439)	(6,130)	(25,569)	-	(25,569)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	10,999	1,532	12,531	12,531	-
Other investments impairment	41,089	8,130	49,219	49,219	-
Reserve for employee stock ownership plan (ESOP)	38,802	8,574	47,376	47,376	-
Total Assets (Liabilities)	71,451	12,106	83,557	109,126	(25,569)

Recognised deferred tax assets

Recognition of deferred tax assetsis based on management's profit forecasts (which are based on the available evidence, including historical levels of profitability), which indicates that it is probable that the Group's entities will have future taxable profits against which these assets can be utilised.

11 Earning per share

(a) Basic earnings per share

	Dec.31, 2014 EGP Thousands	Dec.31, 2013 EGP Thousands
(i) Profit attributable to ordinary shareholders (basic)		
Net profit for the year attributable to equity holders of the bank	**3,324,242**	2,603,194
(ii) Weighted - average number of ordinary shares (basic)		
Number of shares	**908,173**	900,244
Basic earning per share	**3.66**	2.89
(b) Diluted earnings per share		
(i) Profit attributable to ordinary shareholders (diluted)		
Net profit for the year attributable to equity holders of the bank	**3,324,242**	2,603,194
(ii) Weighted - average number of ordinary shares (diluted)		
Issued ordinary shares	**908,173**	900,244
Effect of ESOP program	**16,576**	14,135
Weighted - average number of ordinary shares diluted	**924,749**	914,379
Diluted earning per share	**3.59**	2.85

12 . Bank's share in the profits of associates

	Dec.31, 2013 EGP	Dec.31, 2012 EGP
- Commercial International Life Insurance co.	**5,743**	4,301
- Corplease co.	**14,967**	16,738
- Haykala for Investment	**52**	295
- Egypt Factors	**525**	(1,117)
- International Co. for Security and Services (Falcon)	**3,223**	1,880
Total	**24,510**	22,097

13 . Cash and balances with Central Bank

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

14 . Due from banks

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

15 Treasury bills and other governmental notes

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

16 Financial assets held for trading

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

17 . Loans and advances to banks

	Dec.31, 2014	Dec.31, 2013
	EGP Thousands	EGP Thousands
Time and term loans	132,673	153,833
Less:Impairment provision	(14,582)	(21,411)
Total	118,091	132,422
Current balances	93,035	102,219
Non-current balances	25,056	30,203
Total	118,091	132,422

Analysis for impairment provision of loans and advances to banks

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

18 . Loans and advances to customers

	Dec.31, 2014 EGP Thousands	Dec.31, 2013 EGP Thousands
Individual		
- Overdraft	**1,438,217**	1,173,943
- Credit cards	**1,010,014**	765,624
- Personal loans	**5,729,054**	4,181,386
- Mortgages	**325,266**	383,144
- Other loans	**20,934**	10,842
Total 1	**8,523,485**	6,514,939
Corporate		
- Overdraft	**6,598,541**	4,910,811
- Direct loans	**25,008,383**	24,125,579
- Syndicated loans	**12,645,169**	9,630,557
- Other loans	**216,429**	109,232
Total 2	**44,468,522**	38,776,179
Total Loans and advances to customers (1+2)	**52,992,007**	45,291,117
Less:		-
Unamortized bills discount	**(5,568)**	(6,634)
Impairment provision	**(3,441,757)**	(2,842,840)
Interest in suspense	**(859,052)**	(708,391)
Net loans and advances to customers	**48,685,630**	41,733,252
Distributed to		
Current balances	**21,190,611**	16,679,528
Non-current balances	**27,495,019**	25,053,724
Total	**48,685,630**	41,733,252

Analysis for impairment provision of loans and advances to customers

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

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

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

	Corporate				
Dec.31, 2013	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Beginning balance	209,551	1,242,016	336,569	5,102	1,793,238
Charged 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

19 . Derivative financial instruments

19.1 . Derivatives

In the ordinary course of business the bank enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instruments, reference rates or indices.

Derivatives include financial options and forwards, interest rate swaps and currency swaps, which create rights and obligations that have the effect of transferring between the parties of the instrument one or more of the financial risks inherent in an underlying primary financial instrument.On inception, a derivative financial instrument gives one party a contractual right to exchange financial assets or financial liabilities with another party under conditions that are potential favourable, or a contractual obligation to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable.

However, they generally do not result in a transfer of the underlying primary financial instrument on inception of the contract, nor does such a transfer necessarily take place on maturity of the contract. Some instruments embody both a right and an obligation to make an exchange. Because the terms of the exchange are determined on inception of the derivative instruments, as prices in financial markets change those terms may become either favourable or unfavourable.

19.1.1 . For trading derivatives

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

19.1.2 . Fair value hedge

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

Distributed To:	Assets 2014	Liabilities 2014	Assets 2013	Liabilities 2013
Current:	31,524.00	65,950	53,548	46,769
Non-current:	20,664	71,225	49,537	68,110
Total	52,188	137,175	103,085	114,879

20 Hedging derivatives

20.1 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 and increase in fair value of its fixed rate customers deposits in foreign currencies.
Gains or losses due to changes on fair value hedges for the year:

	Dec.31, 2014	Dec.31, 2013
	EGP Thousands	EGP Thousands
Gains/(Losses) on:		
- Hedged instruments	(27,306)	(11,861)
- Hedged item attributable to hedged risk	44,862	11,367
Hedge ineffectiveness recognized immediately in income statement	17,556	(494)

21 Financial investments

	Dec.31, 2014	Dec.31, 2013
Available for sale	EGP Thousands	EGP Thousands
- Listed debt instruments with fair value	27,249,861	22,556,423
- Listed equity instruments with fair value	87,770	86,327
- Unlisted instruments	364,491	735,354
Total	27,702,122	23,378,104
Held to maturity		
- Listed debt instruments	9,133,233	4,169,664
- Unlisted instruments	27,513	27,513
Total	9,160,746	4,197,177
Total financial investment	36,862,868	27,575,281
Fixed interest debt instruments	35,211,927	25,801,806
Floating interest debt instruments	1,171,168	1,097,845
Total	36,383,095	26,899,651

	Available for sale financial investments	Held to maturity financial investments	Total
			EGP
Beginning balance 2013	21,177,428	4,215,788	25,393,216
Addition	7,463,492	-	7,463,492
Deduction (selling - redemptions)	(4,519,339)	(18,611)	(4,537,950)
Exchange revaluation differences	124,231	-	124,231
Gain (losses) from fair value difference	(834,813)	-	(834,813)
Impairment (charges) release	(32,894)	-	(32,894)
Ending Balance	23,378,105	4,197,177	27,575,282
Beginning balance 2014	23,378,105	4,197,177	27,575,282
Addition	9,079,241	4,963,569	14,042,810
Deduction (selling - redemptions)	(4,854,894)	-	(4,854,894)
Exchange revaluation differences for foreign financial assets	38,176	-	38,176
Gain (losses) from fair value difference	121,246	-	121,246
Impairment (charges) release	(59,751)	-	(59,751)
Ending Balance	27,702,123	9,160,746	36,862,869

22 . Profit (Losses) from financial investments

	Dec.31, 2014	Dec.31, 2013
	EGP Thousands	EGP Thousands
Gain from selling available for sale financial instruments	83,131	4,363
Impairment (charges) of available for sale equity instruments	(59,751)	(32,894)
Impairment release (charges) of associates	(52,480)	-
Administration Expense to acquire held to maturity debt investments	(22)	(141)
Total	(29,122)	(28,672)

23 . Investments in associates

Dec.31, 2014	Business activity	Company's country	Company's assets	Company's liabilities (without equity)	Company's revenues	Company's net profit	Investment book value	Stake %
Associates							EGP Thousands	
- Commercial International Life Insurance	Life Insurance	Egypt	2,861,447	2,762,148	267,286	8,671	59,500	45
- Corplease	Financial Leasing	Egypt	2,374,952	2,148,954	413,070	22,437	102,237	43
- Haykala for investment	Investment Banking	Egypt	4,742	236	276	155	1,518	40
- Egypt Factors	Factoring	Egypt	401,466	345,515	33,711	(1,488)	816	39
- International Co. for Security and Services (Falcon)	Security Services	Egypt	141,818	102,994	148,811	8,229	17,590	40
Total			5,784,425	5,359,847	863,154	38,004	181,661	

The bank's ownership in its associates doesn't imply control only significant influence exists.

Dec.31, 2013	Business activity	Company's Country	Company's Assets	Company's Liabilities (without equity)	Company's Revenues	Company's Net Profit	Investment book value	Stake %
Associates							EGP Thousands	
- Commercial International Life Insurance	Life Insurance	Egypt	2,202,121	2,124,147	302,443	5,621	53,757	45
- Corplease	Financial Leasing	Egypt	1,921,221	1,723,877	378,253	16,885	88,283	43
- Haykala for Investment	Investment Banking	Egypt	4,574	199	581	479	1,465	40
- Egypt Factors	Factoring	Egypt	434,219	379,405	32,680	426	40,881	39
- International Co. for Security and Services (Falcon)	Security Services	Egypt	126,868	104,633	120,222	5,344	8,367	40
Total			4,689,003	4,332,261	834,179	28,755	192,753	

	Dec.31, 2014	Dec.31, 2013
	EGP Thousands	EGP Thousands
The bank's share of proft from continuing operations	24,510	22,097
The bank's share of total comprehensive income	24,510	22,097

	Dec.31, 2014	Dec.31, 2013
	EGP Thousands	EGP Thousands
The Dividends distributed to the bank from associates	1,012	5,694

24 Investment properties *

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

** Including non registered properties by EGP 884,094 thousand which were acquired against settlement of loans to customers and legal procedures is taking to registered these properties or sell them during the legal period.*

24 . Investment properties

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

The Fair value of the group's investment property are categorized into level 3 of the fair value hierarchy.

Valuation techniques

The following table shows the valuation technique used in measuring the fair value of investment properties used.
A study of the market have been estimated based on the highest price , best use . To achieves the four tests :
1-Possible implementation.
2-Compatible with the laws and regulations
3-Achieve higher economic returns
4-Use Optimization

Level 3 fair value:

The following table shows a reconciliation from beginning balances to the closing balances for fair value measurments of the group's investment property.

	Dec.31, 2014 EGP	Dec.31, 2013 EGP Thousands
Beginning balance	**-**	-
Additions	**-**	-
Sales	**-**	-
Deprecation	**-**	-
Impairment	**-**	-
Ending balance	**-**	-

25 . Other assets

	Dec.31, 2014 EGP Thousands	Dec.31, 2013 EGP Thousands
Accrued revenues	**1,870,423**	1,695,499
Prepaid expenses	**117,982**	131,519
Advances to purchase fixed assets	**145,170**	134,327
Accounts receivable and other assets	**1,653,149**	910,752
Assets acquired as settlement of debts	**27,351**	29,942
Other debit balances	**771,611**	299,590
Insurance and Testament	**4,585,686**	3,201,629

26 . Property, plant and equipment

	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total
Balance as at Jan.1, 2013	60,575	407,137	855,454	54,255	347,435	343,340	127,404	**2,195,600**
Additions during the year 2013	3,924	214,973	161,704	8,610	49,901	54,583	12,383	**506,078**
Ending gross assets at end of the year 2013	**64,499**	**622,110**	**1,017,158**	**62,865**	**397,336**	**397,923**	**139,787**	**2,701,678**
Accu.depreciation as at Jan.1, 2013	-	181,000	656,414	32,187	276,816	245,538	91,963	**1,483,918**
Depreciation 2013	-	24,796	72,485	4,033	40,116	54,845	22,738	**219,013**
Accu.depreciation at end of the year 2013	**-**	**205,796**	**728,899**	**36,220**	**316,932**	**300,383**	**114,701**	**1,702,931**
Net book value 2013	**64,499**	**416,314**	**288,259**	**26,645**	**80,404**	**97,540**	**25,086**	**998,747**
Balance as at Jan.1, 2014	64,499	622,110	1,017,158	62,865	397,336	397,923	139,787	**2,701,678**
Additions during the year 2014	209	74,318	68,571	6,414	45,456	34,312	5,370	**234,650**
Ending gross assets at end of the year 2014	**64,708**	**696,428**	**1,085,729**	**69,279**	**442,792**	**432,235**	**145,157**	**2,936,328**
Accu.depreciation as at Jan.1, 2014	-	205,796	728,899	36,220	316,932	300,383	114,701	**1,702,931**
Depreciation 2014	-	31,589	83,594	4,889	53,664	48,450	9,396	**231,582**
Accu.depreciation at end of the year 2014	**-**	**237,385**	**812,493**	**41,109**	**370,596**	**348,833**	**124,097**	**1,934,513**
Net book value 2014	**64,708**	**459,043**	**273,236**	**28,170**	**72,196**	**83,402**	**21,060**	**1,001,815**

According to first-time adoption of IFRS,IAS17 requires an entity entering into a finance lease to recognize the fair market value of the contract or the present value of minimum lease payments whichever is less as an asset against corresponding liability.

The bank had calculated the PV of the 1st contract dated first of September 2010 amounted to EGP 52,923,687 using the interest rate on taxable treasury bonds maturing in the same period which is 12.8%.

Also the bank had calculated the PV of the 2nd contract dated 15 of June 2013 amounted to EGP 13,378,237 using the interest rate on taxable treasury bonds maturing in the same period which is 14.50%.

	Dec.31, 2014	Dec.31, 2013
	EGP Thousands	EGP Thousands
Net book value include financial lease assets (Xerox machines) amount equal to	**16,311**	29,571

27 Due to banks

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

28 Due to customers

	Dec.31, 2014 EGP Thousands	Dec.31, 2013 EGP Thousands
Demand deposits	30,502,057	22,949,346
Time deposits	35,408,462	30,507,693
Certificates of deposit	31,001,139	25,259,129
Saving deposits	21,603,688	16,786,188
Other deposits	3,459,613	1,343,327
Total	**121,974,959**	96,845,683
Corporate deposits	61,934,339	48,299,668
Individual deposits	60,040,620	48,546,015
Total	**121,974,959**	96,845,683
Non-interest bearing balances	33,961,670	24,292,673
Fixed interest bearing balances	88,013,289	72,553,010
Total	**121,974,959**	96,845,683
Current balances	88,300,091	70,206,368
Non-current balances	33,674,868	26,639,315
Total	**121,974,959**	96,845,683

The fair value of those deposits approximates the carrying

amount.

29 Long term loans

	Interest rate %	Maturity date	Maturing through next year	Balance on Dec.31, 2014	Balance on Dec.31, 2013
			EGP Thousands	EGP Thousands	EGP Thousands
Financial Investment & Sector Cooperation (FISC)	3.5 - 5.5 depends on maturity date	3-5 years	-	**-**	556
Environmental Compliance Project (ECO)	9 - 10.5	2012	1,315	**1,690**	-
Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	83,811	**105,075**	31,380
Social Fund for Development (SFD)	3 months T/D or 9% which is more	3-6 years	57,222	**136,113**	100,218
Total			142,348	**242,878**	132,154

30 Other liabilities

	Dec.31, 2014	Dec.31, 2013
	EGP Thousands	EGP Thousands
Accrued interest payable	**629,260**	564,960
Accrued expenses	**515,716**	351,865
Accounts payable	**1,590,290**	793,831
Financial lease obligation	**20,657**	35,867
Other payables	**276,686**	76,108
Brokerage clients - credit balances	**360,145**	167,379
Reconciliation accounts - credit balances	**8,975**	-
Total	**3,401,729**	1,990,010
Distributed to:		
Current	**3,393,452**	1,969,353
Non Current	**8,277**	20,657

31 . Other provisions

Dec.31, 2014	**Beginning balance**	**Charged amounts**	**Exchange revaluation difference**	**Utilized amounts**	**Reversed amounts**	**Ending balance**
						EGP Thousands
Provision for income tax claims	**14,046**	**8,210**	**-**	**(110)**	**-**	**22,146**
Provision for legal claims	**29,048**	**13,143**	**18**	**(1,318)**	**(456)**	**40,435**
Provision for Stamp duty	**31,000**	**-**	**-**	**-**	**-**	**31,000**
Provision for contingent liabilities	**362,720**	**261,689**	**(3,863)**	**-**	**-**	**620,546**
Provision for other claim	**17,885**	**3,682**	**(12)**	**(5,370)**	**-**	**16,185**
Total	**454,699**	**286,724**	**(3,857)**	**(6,798)**	**(456)**	**730,312**

Dec.31, 2013	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance
						EGP Thousands
Provision for income tax claims	14,962	3,625	-	(4,541)	-	14,046
Provision for legal claims	28,620	1,322	2	(754)	(142)	29,048
Provision for Stamp duty	-	31,000	-	-	-	31,000
Provision for contingent liabilities	257,900	88,074	16,746	-	-	362,720
Provision for other claim	14,006	8,936	31	(5,088)	-	17,885
Provision for other claim	315,488	132,957	16,779	(10,383)	(142)	454,699

32 . Equity

	2014	2013
	EGP Thousands	EGP Thousands
Authorized capital	20,000,000	20,000,000
Issued and Paid in Capital	9,081,734	9,002,436
Number of shares outstanding in Thousands	908,173	900,244

33 . Reserves and Retained earning

	Dec.31, 2014 EGP Thousands	Dec.31, 2013 EGP Thousands
Legal reserve	**621,084**	490,365
General reserve	**1,850,496**	406,091
Retained earning	**3,165,298**	2,245,024
Special reserve	**28,108**	27,367
Reserve for A.F.S investments revaluation difference	**(593,236)**	(720,479)
Total	**5,071,750**	2,448,368

33.1 . Legal reserve

As required by the Egyptian corporate law 159 of 1981 and the articles of Association of the Egyptian companies of the Group, 5% of the net profits of the year is transferred to the legal reserve until this reserve reaches 50 % of the issued capital. As required by the Egyptian corporate law 159 of 1981, the reserve may be used upon a decision from the general assembly meeting based on the proposal of the board of directors.

33.2 . General reserve

The general reserve represents optional reserve approved by the general assembly meetings dated 4 March 2014 based on the proposal of the board of directors.

As required by the Egyptian corporate law 159 of 1981, the reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors.

33.3 . Special reserve

The special reserve represents profits transferred in accordance with the resolutions of the general assembly meetings of dated 4 March 2014.

As required by the Egyptian corporate law 159 of 1981, the reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors.

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

This reserve records fair value changes on available-for-sale investments.

34 . Share-based payments

According to the extraordinary general assembly meeting on June 26, 2006, The Bank launched new Employees Share Ownership Plan (ESOP) scheme and issued equity-settled share-based payments. Eligible employees should complete a term of 3 years of service in The Bank to have the right in ordinary shares at face value (right to share) that will be issued on the vesting date, otherwise such grants will be forfeited. Equity-settled share-based payments are measured at fair value at the grant date, and expensed on a straight-line basis over the vesting period (3 years) with corresponding increase in equity based on estimated number of shares that will eventually vest(True up model). The fair value for such equity instruments is measured using of Black-Scholes pricing model.

Details of the rights to share outstanding during the year are as follows:

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

Details of the rights to share outstanding during the 2014 are as follows:

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

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

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

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

The expense recognised for employee services received during the year is shown in the following table:

	Dec.31, 2014	Dec.31, 2013
	EGP	EGP
Expense arising from equity–settled share–based payment transactions	**99,857**	89,182
Outstanding at the end of the year	**99,857**	89,182

35. 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.

35.1. 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.

35.1.1.Credit risk measurement

35.1.1.1.Loans and advances to banks and customers

In measuring credit risk of loans and facilities to banks and customers at a counterparty level, the Bank reflects three components:

- The 'probability of default' by the client or counterparty on its contractual obligations
- Current exposures to the counterparty and its likely future development, from which the Bank derive the 'exposure at default.
- The likely recovery ratio on the defaulted obligations (the 'loss given default').

These credit risk measurements, which reflect expected loss (the 'expected loss model') are required by the Basel committee on banking regulations and the supervisory practices (the Basel committee), and are embedded in the Bank's daily operational management.

The 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.

35.1.1.2.Debt instruments, treasury bills and other governmental notes

For debt instruments, treasury bills and other governmental notes, 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.

35.1.2.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:

35.1.2.1.Collateral

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

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

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

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

35.1.2.2.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.

35.1.2.3.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.

35.1.2.4.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.

35.1.3. Impairment and provisioning policies

The internal rating system described in Note 36.1.1 focus on the credit-quality mapping from the lending and investment activities perspective. Conversely, for only financial reporting purposes impairment losses are recognized for that has been incurred at the balance sheet date when there is an objective evidence of impairment. 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:

Amounts in Million EGP

	December 31, 2014		December 31, 2013	
Bank's rating	**Loans and advances**	**Impairment provision**	Loans and advances	Impairment provision
1-Performing loans	**45,978**	**1,172**	39,849	788
2-Regular watching	**3,596**	**388**	2,232	152
3-Watch list	**1,047**	**191**	1,560	571
4-Non-Performing Loans	**2,502**	**1,705**	1,803	1,239

	December 31, 2014 Investment securities Available for sale	December 31, 2013 Investment securities Available for sale
Bank's rating		
1-Performing	**2,702**	23,287
2-Regular watching	-	-
3-Watch list	-	91
4-Non-Performing	-	-

The internal rating tools assists management to determine whether objective evidence of impairment exists, 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.

35.1.2. Maximum exposure to credit risk before collateral held

	Dec. 31, 2014	Dec. 31, 2013
In balance sheet items exposed to credit risk	EGP Thousands	EGP Thousands
Treasury bills and other governmental notes	30,471,115	23,665,429
Trading financial assets:		-
- Debt instruments	3,370,444	2,096,838
Gross loans and advances to banks	132,673	153,833
Less:Impairment provision	(14,582)	(21,411)
Gross loans and advances to customers		-
Individual:		-
- Overdraft	1,438,217	1,173,943
- Credit cards	1,010,014	765,624
- Personal loans	5,729,054	4,181,386
- Mortgages	325,266	383,144
- Other loans	20,934	10,842
Corporate:		-
- Overdraft	6,598,541	4,910,811
- Direct loans	25,008,383	24,125,579
- Syndicated loans	12,645,169	9,630,557
- Other loans	216,429	109,232
Unamortized bills discount	(5,568)	(6,634)
Impairment provision	(3,441,757)	(2,842,840)
Interest in suspense	(859,052)	(708,390)
Derivative financial instruments	52,188	103,086
Financial investments:		-
-Debt instruments	36,383,095	26,899,651
Total	119,080,563	94,630,679
Off balance sheet items exposed to credit risk		
Customers acceptances	757,509	472,351
Letter of credit	1,289,834	750,766
Letter of guarantee	23,262,617	14,959,323
Total	25,309,960	16,182,440

The above table represents the Bank Maximum exposure to credit risk on December 31, 2014 , before taking account of any held collateral.

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

As shown above 40.98% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represents 33.38%.

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

- 93.32% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- 95.34% of loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed individualy are valued EGP 2,501,700.
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on December 31, 2013.
- 96.46% of the investments in debt Instruments are Egyptian sovereign instruments.

35.1.3. Loans and advances

Loans and advances are summarized as follows:

	Dec.31, 2014 EGP Thousands		Dec.31, 2013 EGP Thousands	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Neither past due nor impaired	48,117,365	107,617	40,727,364	123,630
Past due but not impaired	2,397,998	-	2,790,527	-
Individually impaired	2,476,644	25,056	1,773,225	30,203
Gross	52,992,007	132,673	45,291,116	153,833
Less:				
Impairment provision	3,441,757	14,582	2,842,840	21,411
Unamortized bills discount	5,568	-	6,634	-
Unearned interest	859,052	-	708,390	-
Net	48,685,630	118,091	41,733,252	132,422

Impairment provision distributed to:

Collective provision	1,625,245,064	-	1,625,245	-
Specific provision	1,238,991,052	14,582	1,217,595	21,411
Total	2,864,236,116	14,582	2,842,840	21,411

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

During the period the Bank's total loans and advances increased by 2.47% .

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

Collateral held and other credit enhancements, and their financial effect

The bank holds collateral and other credit enhancementsa against certain of its credit exposures.

The table below sets out the principal types of collateral held against different types of financial assets.

Type of credit exposure	**Percentage of exposure that is subject to collateral requirements** Dec. 31, 2014	Dec. 31, 2013	Principal type of collateral held
Trading derivative assets	100	100	Cash
Derivative assets held for risk management	100	100	Cash
Loans and advances to banks			
Reverse sale and repurchase agreements	100	100	Marketable securities
Loans and advances to retail customers			
Mortgage lending	80	80	Residential property
Personal loans	100	100	Cash
Credit cards	-	-	None
Loans and advances to corporate customers			
Other	40	40	Cash
Reverse sale and repurchaseagreements	100	100	Marketable securities
Investment debt securities	-	-	None

Residential mortgage lending

The tables below stratify credit exposures frommortgage loans and advances to retail customers by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan – or the amount committed for loan commitments – to the value of the collateral.The gross amounts exclude any impairment allowance. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for residential mortgage loans is based on the collateral value at origination updated based on changes in house price indices.

LTV ratio	Dec. 31, 2014	Dec. 31, 2013
Less than 50%	-	-
51–70%	-	-
71–90%	325,266	383,144
91–100%	-	-
More than 100%	-	-
Total	325,266	383,144

35.1.3. Loans and advances

Net loans and advances to customers and banks (after deducting impairment provision):

Dec. 31, 2014	**Individual**						**Corporate**					**EGP Thousands**
Grades:	**Overdrafts**	**Credit cards**	**Personal loans**	**Mortgages**	**Other loans**	**Total loans and advances to individual**	**Overdraft**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total loans and advances to corporate**	**Other loans**
Performing loans	1,381,095	977,165	5,488,286	315,362	-	8,161,908	5,573,611	19,699,277	11,070,532	194,013	36,537,433	106,761
Regular watching	30,404	17,128	77,868	-	-	125,400	313,197	2,272,382	479,924	17,566	3,083,069	-
Watch list	5,062	5,307	31,441	-	-	41,810	47,847	390,506	376,653	-	815,006	-
Non-performing loans	11,106	2,980	50,306	1,482	-	65,874	172,123	473,792	73,835	-	719,750	11,330
Total	1,427,667	1,002,580	5,647,901	316,844	-	8,394,992	6,106,778	22,835,957	12,000,944	211,579	41,155,258	118,091

Dec. 31, 2013	Individual						Corporate					EGP Thousands
Grades:	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Total loans and advances to individual	Overdraft	Direct loans	Syndicated loans	Other loans	Total loans and advances to corporate	Other loans
Performing loans	1,094,591	736,701	3,996,266	366,843	-	6,194,401	4,302,791	19,559,702	8,665,942	103,049	32,631,483	121,254
Regular watching	51,118	14,364	44,548	-	-	110,030	69,766	1,439,447	459,723	713	1,969,649	-
Watch list	10,008	3,895	24,519	-	7,100	45,522	126,847	811,646	5,446	-	943,939	-
Non-performing loans	8,994	2,273	33,393	2,516	533	47,709	77,204	361,454	66,383	503	505,544	11,169
Total	1,164,711	757,233	4,098,726	369,359	7,633	6,397,662	4,576,608	22,172,249	9,197,494	104,265	36,050,615	132,423

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 Thouands

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

Dec.31, 2013	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Past due up to 30 days	282,864	145,913	9,383	742	419,486,707	1,309,119	749,248	22,884	2,081,251
Past due 30-60 days	51,211	15,127	2,852	199	56,503,962	20,300	17,617	-	37,917
Past due 60-90 days	10,050	4,646	2,705	16	17,217,143	79,699	65,952	-	145,651
Total	344,125	165,686	14,940	957	493,207,812	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 thouands 2,501,700.

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 Thouands

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

Dec.31, 2013	Individual					Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Individually impaired loans	14,564	5,940	102,519	13,066	1,385	262,467	1,128,085	272,229	3,174	1,803,429

Loans and advances restructured

Restructuring activities include reschaduling arrangements, obligatory management programs, modification and deferral of payments. The application of restructuring policies are based on indicators or criteria of credit performance of the borrower that is based on the personal judgment of the management, indicate that payment will most likely continue. Restructuring is commonly applied to term loans, specially customer loans. Renegotiated loans totaled at the end of the year

	Dec.31, 2013	Dec.31, 2012
Loans and advances to customer		
Corporate		
- Direct loans	3,243,393	2,950,132
Total	3,243,393	2,950,132

35.1.4. 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 MEIRS agency and other agencies as of 31 Dec 2014 :

EGP Thousands

Dec.31, 2014	Treasury bills and other gov. notes	Trading financial debt instruments	Non-trading financial debt instruments	Total
AAA	-	-	866,024	866,024
AA- to AA+	-	-	231,004	231,004
A- to A+	-	-	75,469	75,469
Lower than A-	30,548,890	35,147	973,469	31,557,506
Unrated*	-	3,335,297	34,247,132	37,582,429
Total	30,548,890	3,370,444	36,393,098	70,312,432

*The bank has no internal rating for the unrated investments.

35.1.5. Concentration of risks of financial assets with credit risk exposure

35.1.5.1. Geographical analysis

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 domicile of its counterparties.

Dec.31, 2014	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Treasury bills and other governmental notes	30,471,115	-	-	30,471,115
Trading financial assets:				
- Debt instruments	3,370,444	-	-	3,370,444
Gross loans and advances to banks	132,673	-	-	132,673
Less:Impairment provision	(14,582)	-	-	(14,582)
Gross loans and advances to customers				
Individual:				
- Overdrafts	914,041	369,149	155,027	1,438,217
- Credit cards	848,436	150,098	11,480	1,010,014
- Personal loans	3,619,793	1,719,194	390,067	5,729,054
- Mortgages	273,295	45,098	6,873	325,266
- Other loans	20,934	-	-	20,934
Corporate:				
- Overdrafts	5,571,965	918,164	108,412	6,598,541
- Direct loans	18,269,216	6,364,643	374,524	25,008,383
- Syndicated loans	11,990,771	654,398	-	12,645,169
- Other loans	196,029	20,400	-	216,429
Unamortized bills discount	(5,568)	-	-	(5,568)
Impairment provision	(3,441,757)	-	-	(3,441,757)
Interest in suspense	(612,291)	(244,534)	(2,227)	(859,052)
Derivative financial instruments	52,188	-	-	52,188
Financial investments:				
-Debt instruments	36,383,095	-	-	36,383,095
-Investments in associates	181,661	-	-	181,661
Total	108,221,458	9,996,610	1,044,156	119,262,224

35.1.6. Debt instruments, treasury bills and other governmental notes

The table below presents an analysis of debt instruments, treasury bills and other governmental notes by rating agency designation at end of financial period, based on MEIRS agency and other agencies as of 31 Dec 2013 :

Dec.31, 2013 EGP

	Treasury bills and other gov. notes	Trading financial debt instruments	Non-trading financial debt instruments	Total
AAA	-	-	962,347	**962,347**
AA- to AA+	-	-	176,768	**176,768**
A- to A+	-	-	200,559	**200,559**
Lower than A-	23,665,429	135,464	851,469	**24,652,362**
Unrated*	-	1,961,374	24,708,508	**26,669,882**
Total	**24,859,146,104**	**24,859,146,104**	**24,859,146,104**	**52,661,918**

*The bank has no internal rating for the unrated investments.

35.1.7. Concentration of risks of financial assets with credit risk exposure

35.1.7.1. Geographical sectors

Following is a breakdown of the Bank's main credit exposure at their book values categorized by geographical region at the end of the current period.

The Bank has allocated exposures to regions based on domicile of its counterparties.

Dec.31, 2013	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Treasury bills and other governmental notes	23,665,429	-	-	**23,665,429**
Trading financial assets:	-	-	-	-
- Debt instruments	2,096,838	-	-	**2,096,838**
Gross loans and advances to banks	153,833	-	-	**153,833**
Less:Impairment provision	(21,411)	-	-	**(21,411)**
Gross loans and advances to customers	-	-	-	-
Individual:	-	-	-	-
- Overdrafts	788,301	260,326	125,316	**1,173,943**
- Credit cards	577,102	158,976	29,546	**765,624**
- Personal loans	2,809,769	1,097,553	274,065	**4,181,387**
- Mortgages	317,340	56,882	8,922	**383,144**
- Other loans	9,563	1,278	-	**10,841**
Corporate:	-	-	-	-
- Overdrafts	4,037,235	634,425	239,150	**4,910,810**
- Direct loans	18,759,465	4,753,247	612,867	**24,125,579**
- Syndicated loans	8,869,002	761,555	-	**9,630,557**
- Other loans	105,176	4,056	-	**109,232**
Unamortized bills discount	(6,634)	-	-	**(6,634)**
Impairment provision	(2,842,840)	-	-	**(2,842,840)**
Interest in suspense	(553,088)	(153,569)	(1,734)	**(708,391)**
Derivative financial instruments	103,086	-	-	**103,086**
Financial investments:	-	-	-	-
-Debt instruments	26,899,651	-	-	**26,899,651**
-Investments in associates	192,753	-	-	**192,753**
Total	**85,960,570**	**7,574,729**	**1,288,132**	**94,823,431**

35.1.9.2. Industry analysis

The following table analysis the Group’s main credit exposure at their book value categorized by the Bank customers activities.

EGP Thousands

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

35.1.9.2. Industry analysis

The following table analysis the Group's main credit exposure at their book value categorized by the Bank customers activities as of 31 Dec 2013.

EGP

Dec.31, 2013	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Treasury bills and other governmental notes	-	-	-	-	23,665,429	-	-	**23,665,429**
Trading financial assets:								
- Debt instruments	-	-	-	-	2,096,838	-	-	**2,096,838**
Gross loans and advances to banks	153,833	-	-	-	-	-	-	**153,833**
Less:Impairment provision	(21,411)	-	-	-	-	-	-	**(21,411)**
Gross loans and advances to customers								
Individual:								
- Overdrafts	-	-	-	-	-	-	1,173,943	**1,173,943**
- Credit cards	-	-	-	-	-	-	765,624	**765,624**
- Personal loans	-	-	-	-	-	-	4,181,386	**4,181,386**
- Mortgages	-	-	-	-	-	-	383,144	**383,144**
- Other loans	-	-	-	-	-	-	10,842	**10,842**
Corporate:								
- Overdrafts	23,352	1,301,795	1,013,245	274,467	468,096	1,934,555	-	**5,015,510**
- Direct loans	678,613	11,224,775	-	215,553	1,095,296	10,806,642	-	**24,020,879**
- Syndicated loans	-	4,784,624	1,046,186	-	34,722	3,765,024	-	**9,630,556**
- Other loans	-	90,976	-	15,000	-	3,256	-	**109,232**
Unamortized bills discount	(6,634)	-	-	-	-	-	-	**(6,634)**
Impairment provision	(12,126)	(1,454,361)	(38,476)	(6,237)	(15,397)	(1,182,774)	(133,469)	**(2,842,840)**
Interest in suspense	-	(311,547)	-	(14)	-	(357,500)	(39,328)	**(708,389)**
Derivative financial instruments	103,086	-	-	-	-	-	-	**103,086**
Financial investments:								
-Debt instruments	1,404,517	-	-	-	25,495,134	-	-	**26,899,651**
- Investments in subsidiary and associates	192,753	-	-	-	-	-	-	**192,753**
Total	**2,515,983**	**15,636,262**	**2,020,955**	**498,769**	**52,840,118**	**14,969,203**	**6,342,142**	**94,823,432**

The invesment balances and other assets are highly rated not impaired .

35.2. Market risk

Market risk represnted as fluctuations in fair value or future cash flow, including foreign exchange rates and commodity prices, interest rates, credit spreads and equity prices will reduce the Bank's income or the value of its portfolios. the Bank separates exposures to market risk into trading or non-trading portfolios.

Market risks are measured, monitored and controlled by the market risk management department. In addition, regular reports are submitted to the Asset and Liability Management Committee (ALCO), Board Risk Committee and the heads of each business unit.

Trading portfolios include positions arising from market-making, position taking and others designated as marked-to-market. Non-trading portfolios include positions that primarily arise from the interest rate management of the group's retail and commercial banking assets and liabilities, financial investments designated as available for sale and held-to-maturity.

35.2.1. 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 .

Note	Dec.31, 2014 Carrying amount	Dec.31, 2014 Market risk measure Trading portfolios	Dec.31, 2014 Market risk measure Non-trading portfolios	Dec.31, 2013 Carrying amount	Dec.31, 2013 Market risk measure Trading portfolios	Dec.31, 2013 Market risk measure Non-trading portfolios
Assets subject to market risk						
Cash and cash equivalents	7,502,256	-	7,502,256	4,796,240	-	4,796,240
Trading assets	3,762,718	3,762,718	-	2,295,220	2,295,220	-
Derivatives held for risk managemen	52,188	27,683	24,505	103,085	56,425	46,660
Loans and advances to banks	118,091	-	118,091	132,422	-	132,422
Loans and advances to customers	48,685,630	-	48,685,630	41,733,252	-	41,733,252
Investment securities	36,862,868	-	36,862,868	27,575,281	-	27,575,281
Liabilities subject to market risk						
Trading liabilities	-	-	-	-	-	-
Derivatives held for risk managemen	137,175	65,950	71,225	114,879	48,805	66,074
Deposits	123,106,344	-	123,106,344	98,219,093	-	98,219,093
Debt securities	-	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-	-

35.2.1.1. 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.

35.2.1.2. 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 ba

35.2.2. Value at risk (VaR) Summary

Total VaR by risk type	Dec.31, 2014 Medium	Dec.31, 2014 High	Dec.31, 2014 Low	Dec.31, 2013 Medium	Dec.31, 2013 High	Dec.31, 2013 Low
Foreign exchange risk	**42**	**351**	**3**	90	540	3
Interest rate risk	**81,711**	**125,871**	**63,594**	75,596	101,790	55,515
Equities risk	**84**	**141**	**-**	124	203	86
Portfolio managed by others risk	**4,132**	**6,817**	**1,108**	606	1,125	35
Investment fund	**357**	**549**	**223**	305	491	211
Total VaR	**81,859**	**126,094**	**63,618**	75,622	101,827	55,529

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.

35.2.3. 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 as of 31 Dec 2014.

Equivalent EGP

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

Dec.31, 2013	EGP	USD	EUR	GBP	Other	Equivalent EGP Total
Financial assets						
Cash and balances with Central Bank	3,943,554	685,784	97,956	21,156	56,525	**4,804,975**
Due from banks	160,035	5,569,959	2,823,809	386,614	63,533	**9,003,950**
Treasury bills and other governmental notes	20,729,092	3,832,189	181,469	-	-	**24,742,750**
Trading financial assets	2,191,009	86,594	-	-	8,882	**2,286,485**
Gross loans and advances to banks	-	153,833	-	-	-	**153,833**
Gross loans and advances to customers	25,863,179	18,702,088	645,731	46,135	33,983	**45,291,116**
Derivative financial instruments	35,952	65,733	1,401	-	-	**103,086**
Financial investments						**-**
- Available for sale	22,145,853	1,232,251	-	-	-	**23,378,104**
- Held to maturity	4,197,177	-	-	-	-	**4,197,177**
Investments in associates	151,872	40,881	-	-	-	**192,753**
Total financial assets	**79,417,723**	**30,369,312**	**3,750,366**	**453,905**	**162,923**	**114,154,229**
Financial liabilities						
Due to banks	319,952	1,031,899	20,153	1,400	7	**1,373,411**
Due to customers	64,618,228	27,965,508	3,585,282	456,885	219,781	**96,845,684**
Derivative financial instruments	31,266	81,503	2,109	-	-	**114,878**
Long term loans	132,153	-	-	-	-	**132,153**
Total financial liabilities	**65,101,599**	**29,078,910**	**3,607,544**	**458,285**	**219,788**	**98,466,126**
Net on-balance sheet financial position	**14,316,124**	**1,290,402**	**142,822**	**(4,380)**	**(56,865)**	**15,688,103**

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Bank's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Bank's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate	**Effect on profit before tax**
		EGP '000
2014	+5%	103,957
	-5%	(103,957)
2013	+5%	64,520
	-5%	(64,520)

	Change in EUR rate	**Effect on profit before tax**
		EGP '000
2014	+5%	(37,148)
	-5%	37,148
2013	+5%	7,141
	-5%	(7,141)

35.2.4. 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 Gain may decrease in the event that unexpected movements arise.The Board sets limits on the gaps of interest rate repricing that may be undertaken, which is monitored by bank's Risk Management Department.

The table below summarizes the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorized by the earlier of repricing or contractual maturity dates.

Dec.31, 2014	Up to1 Month	1-3 Months	3-12 Months	1-5 years	Over 5 years	Non- Interest Bearing	Total
Financial assets							
Cash and balances with Central Bank	-	-	-	-	-	7,502,256	**7,502,256**
Due from banks	4,169,262	4,085,145	847,115	-	-	420,477	**9,521,999**
Treasury bills and other governmental notes*	2,976,212	5,631,430	23,410,469	-	-	-	**32,018,111**
Trading financial assets	185,953	-	432,584	2,023,899	878,814	241,468	**3,762,718**
Gross loans and advances to banks	40,597	53,255	13,765	25,056	-	-	**132,673**
Gross loans and advances to customers	34,782,197	7,440,054	5,459,800	4,354,690	955,266	-	**52,992,007**
Derivatives financial instruments (including IRS notional amount)	677,816	337,516	590,117	3,597,289	-	-	**5,202,738**
Financial investments							
- Available for sale	634,699	1,468,428	3,532,552	17,481,915	4,205,046	379,482	**27,702,122**
- Held to maturity	2,765,022	-	1,150,082	5,008,560	237,082	-	**9,160,746**
Investments in associates	-	-	-	-	-	181,661	**181,661**
Total financial assets	**46,231,758**	**19,015,828**	**35,436,484**	**32,491,409**	**6,276,208**	**8,725,344**	**148,177,031**
Financial liabilities							
Due to banks	196,028	-	35,700	-	-	899,657	**1,131,385**
Due to customers	45,429,198	17,721,716	14,675,496	22,466,531	686,676	20,995,342	**121,974,959**
Derivatives financial instruments (including IRS notional amount)	1,533,838	3,051,479	35,640	-	621,189	72,700	**5,314,846**
Long term loans	36,598	21,049	143,678	41,553	-	-	**242,878**
Total financial liabilities	**47,195,662**	**20,794,244**	**14,890,514**	**22,508,084**	**1,307,865**	**21,967,699**	**128,664,068**
Total interest re-pricing gap	**(963,904)**	**(1,778,416)**	**20,545,970**	**9,983,325**	**4,968,343**	**(13,242,355)**	**19,512,963**

The table below summarizes the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorized by the earlier of repricing or contractual maturity dates.

Dec.31, 2013	Up to1 Month	1-3 Months	3-12 Months	1-5 years	Over 5 years	Non- Interest Bearing	Total
Financial assets							
Cash and balances with Central Bank	-	-	-	-	-	4,804,974	**4,804,974**
Due from banks	4,587,697	3,966,456	286,027	-	-	163,772	**9,003,952**
Treasury bills and other governmental notes*	3,527,610	2,996,487	18,218,652	-	-	-	**24,742,749**
Trading financial assets	184,878	-	-	1,672,005	375,963	53,638	**2,286,484**
Gross loans and advances to banks	4,342	116,417	2,871	30,203	-	-	**153,833**
Gross loans and advances to customers	29,728,939	6,465,365	5,189,603	3,111,717	795,492	-	**45,291,116**
Derivatives financial instruments (including IRS notional amount)	1,389,566	234,620	747,845	2,185,916	332,706	-	**4,890,653**
Financial investments	-	-	-	-	-	-	**-**
- Available for sale	663,515	393,248	2,815,542	13,567,604	5,351,673	586,522	**23,378,104**
- Held to maturity	-	-	198	4,196,979	-	-	**4,197,177**
Investments in associates	-	-	-	-	-	192,753	**192,753**
Total financial assets	**40,086,547**	**14,172,593**	**27,260,738**	**24,764,424**	**6,855,834**	**5,801,659**	**118,941,795**
Financial liabilities							
Due to banks	347,374	-	-	-	-	1,026,036	**1,373,410**
Due to customers	32,188,337	14,485,215	11,106,121	22,458,173	87,337	16,520,501	**96,845,684**
Derivatives financial instruments (including IRS notional amount)	2,315,825	1,770,211	129,417	66,857	603,658	69,818	**4,955,786**
Long term loans	28,091	5,314	49,299	49,449	-	-	**132,153**
Total financial liabilities	**34,879,627**	**16,260,740**	**11,284,837**	**22,574,479**	**690,995**	**17,616,355**	**103,307,033**
Total interest re-pricing gap	**5,206,920**	**(2,088,147)**	**15,975,901**	**2,189,945**	**6,164,839**	**(11,814,696)**	**15,634,762**

Interest rate sensitivity

Sensitivity Analysis extends Gap Analysis by focusing on changes in the bank's earnings, due to changes in Interest Rates and Balance Sheet Interest Sensitive items composition.

Defined as the impact on the bank's consolidated Net Income over the following 12 months, based on adverse changes in Interest Rates.

	Increase/decreasein basis points	Effect on Net Interest Income EGP '000
2014		
EGP	+ 100 bps	(3,745)
USD	+ 100 bps	27,587
EUR	+ 100 bps	961
EGP	- 100 bps	3,745
USD	- 100 bps	(27,587)
EUR	- 100 bps	(961)
2013		
EGP	+ 100 bps	(51,274)
USD	+ 100 bps	19,754
EUR	+ 100 bps	7,841
EGP	- 100 bps	51,274
USD	- 100 bps	(19,754)
EUR	- 100 bps	(7,841)

35.3. 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.

35.3.1 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 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.

35.3.2. 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.

35.3.3. 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.
These accounts are presented in the financial statement at cost not at present value.

Dec.31, 2014	**Up to 1 month**	**One to three months**	**Three months to one year**	**One year to five years**	**Over five years**	**Total** EGP Thousands
Financial liabilities						
Due to banks	**1,095,684**	**-**	**35,701**	**-**	**-**	**1,131,385**
Due to customers	**19,043,624**	**18,440,963**	**41,652,782**	**41,041,666**	**1,795,924**	**121,974,959**
Long term loans	**36,598**	**21,049**	**143,678**	**41,553**	**-**	**242,878**
Total liabilities (contractual and non contractual maturity dates)	**20,175,906**	**18,462,012**	**41,832,161**	**41,083,219**	**1,795,924**	**123,349,222**
Total financial assets (contractual and non contractual maturity dates)	**20,615,797**	**17,495,479**	**39,589,765**	**52,400,429**	**13,549,584**	**143,651,054**

Dec.31, 2013	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP Thousands
Financial liabilities						
Due to banks	1,373,410	-	-	-	-	1,373,410
Due to customers	14,262,658	14,355,336	31,020,534	36,171,294	1,035,861	96,845,683
Long term loans	28,091	5,314	49,299	49,449	-	132,153
Other financial liabilities	-	-	-	-	-	-
Total liabilities (contractual and non contractual maturity dates)	15,664,159	14,360,650	31,069,833	36,220,743	1,035,861	98,351,246
Total financial assets (contractual and non contractual maturity dates)	16,226,911	11,735,431	29,841,047	41,734,406	14,830,199	114,367,994

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, due from CBE and due from banks, treasury bills, other government notes , loans and advances to banks and customers.

In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt instrument and treasury bills and other governmental notes have been pledged to secure liabilities. The Bank would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

35.3.4. Derivative cash flows

Derivatives settled on a net basis

the Bank's derivatives that will be settled on a net basis include:

Foreign exchange derivatives: exchange traded options and over-the-counter (OTC) ,exchange traded forwards currency options.

Interest rate derivatives: interest rate swaps, forward rate agreements, OTC and exchange traded interest rate options, other interest rate contracts and exchange traded futures .

The table below analyses the Bank's derivative undiscounted financial liabilities that will be settled on a net basis into maturity groupings based on the remaining period of the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

EGP Thousands

Dec.31, 2014	**Up to 1 month**	**One to three months**	**Three months to one year**	**One year to five years**	**Over five years**	**Total**
Liabilities						
Derivatives financial instruments						
- Foreign exchange derivatives	20,477	22,965	22,065	9	-	65,516
- Interest rate derivatives	-	259	-	7,998	63,402	71,659
Total	**20,477**	**23,224**	**22,065**	**8,007**	**63,402**	**137,175**

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
Liabilities						
Derivatives financial instruments						
- Foreign exchange derivatives	28,748	4,158	12,154	-	-	45,060
- Interest rate derivatives	-	-	1,708	9,904	58,206	69,818
Total	28,748	4,158	13,862	9,904	58,206	114,878

Letters of credit, guarantees and other commitments

	Up to 1 year	**1-5 years**	**Over 5 years**	**Total**
Dec.31, 2014	15,614,673	7,769,366	1,925,921	25,309,960
Dec.31, 2013	10,428,459	5,449,819	304,162	16,182,440

35.4. Fair value of financial assets and liabilities

35.4.1. Financial instruments not measured at fair value

The table below summarizes the book value and fair value of those financial assets and liabilities not presented on the Bank's balance sheet at their fair value.

	Book value		Fair value	
	Dec.31, 2014	Dec.31, 2013	**Dec.31, 2014**	Dec.31, 2013
Financial assets				
Cash and balances with Central Bank	**7,502,256**	4,796,240	**7,502,256**	4,796,240
Due from banks	**9,521,999**	9,003,951	**9,521,999**	9,003,951
Gross loans and advances to banks	**132,673**	153,833	**132,673**	153,833
Gross loans and advances to customers				
- Individual	**8,523,485**	6,514,939	**8,084,656**	6,804,133
- Corporate	**44,468,522**	38,776,179	**42,903,549**	35,936,547
Financial investments				
Held to Maturity	**9,160,746**	4,197,177	**8,887,587**	4,244,977
Total financial assets	**79,309,681**	63,442,320	**77,032,720**	60,939,682
Financial liabilities				
Due to banks	**1,131,385**	1,373,410	**1,131,385**	1,373,410
Due to customers	**121,974,959**	96,845,683	**118,141,158**	96,919,528
Long term loans	**242,878**	132,154	**242,878**	132,154
Total financial liabilities	**123,349,222**	98,351,247	**119,515,421**	98,425,092

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.

Fair values of financial instruments

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2013:

instruments:

Level 1 - Quoted prices in active markets for the same instrument (i.e. without modification or repacking);

Level 2 - Quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3 - Valuation techniques for which any significant input is not based on observable market data.

		Fair value measurement using		
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (level 2)
Measured at fair value:				
Financial assets				
Financial assets held for trading	31-Dec-13	3,762,718	3,762,718	-
Financial investments available for sale	31-Dec-13	27,702,122	27,337,631	364,491
Investment property	31-Dec-13	884,094	-	884,094
Treasury bills and other governmental notes	31-Dec-13	30,548,890	-	30,548,890
Total		**62,897,824**	**31,100,349**	**31,797,475**
Derivative financial instruments				
Financial assets	31-Dec-13	**52,188**	-	52,188
Financial liabilities	31-Dec-13	**137,175**	-	137,175
Assets for which fair values are disclosed:				
Financial investments held to maturity	31-Dec-13	9,160,746	9,133,233	27,513
Loans and advances to banks	31-Dec-13	118,091	-	118,091
Loans and advances to customers	31-Dec-13	48,685,630	-	48,685,630
Total		**57,964,467**	**9,133,233**	**48,831,234**
Liabilities for which fair values are disclosed:				
Long term loans	31-Dec-13	242,878	-	242,878
Total		**242,878**	**-**	**242,878**

There are no financial instruments that qualify for classification under level 3 as at 31 December 2013,2012 & 2011 during the years 2013 ,2012 & 2011 there have been no transferss between level 1 and 2.

The fair values of on-balance sheet financial instruments, except for other investments held at amortised cost and held-to-maturity investments which are carried at amortised cost, are not significantly different from the carrying values included in the consolidated financial statements. The fair values of loans and advances, commission bearing customers' deposits, due from and due to banks and other financial institutions which are carried at amortized cost, are not significantly different from the carrying values included in the consolidated financial statements, since the current market commission rates for similar financial instruments are not significantly different from the contracted rates, and for the short duration of due from and due to banks.

The estimated fair values of held-to-maturity investments and other investments held at amortised cost are based on quoted market prices when available or pricing models when used in the case of certain fixed rate bonds respectively. The fair values of these investments are also disclosed in note 37.4.1.

The value obtained from the relevant valuation model may differ, with the transaction price of a financial instrument. The difference between the transaction price and the model value is commonly referred to as 'day-one profit or loss'. It is either amortized over the life of the transaction, deferred until the instrument's fair value can be determined using market observable data, or realized through disposal.

Subsequent changes in fair value are recognized immediately in the statement of consolidated income without reversal of deferred day-one profits or losses.

The valuation of each publicly traded investment is based upon the closing market price of that stock as of the valuation date, less a discount if the security is restricted.

Unrealized private investments are valued at each reporting date using a combination of three methods:

(i) a comparable public market valuation ;

(ii) a comparable acquisition valuation;

(iii) a discounted cash flow analysis.

The relative weightings applied to each valuation method reflect the manager's judgment as to the relative applicability and strength of each valuation approach to the specific unrealized investment. Differences under the methods are reconciled through a variety of quantitative analysis and qualitative factors, as required.

35.5 Capital Management

The tables below summarizes the compositions of teir 1, teir 2 and the capital adequacy ratio .

According to Basel II :

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

36. Segment analysis

36.1. 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
- SME's – 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;
- Transactions between the business segments are on normal commercial terms and conditions.

EGP thouands

	Corporate banking	**SME's**	**Investment banking**	**Retail banking**	**Total**
Dec.31, 2014					
External revenue					
Net interest income	**4,206,117**	**36,952**	**(23,105)**	**2,032,589**	**6,252,553**
Net fee and commission income	**987,703**	**37,076**	**41**	**685,164**	**1,709,984**
Net trading income	**647,579**	**1,306**	**-**	**69,376**	**718,261**
Inter-segment revenue	**-**	**-**	**-**	**-**	**-**
Total segment revenue	**5,841,399**	**75,334**	**(23,064)**	**2,787,129**	**8,680,798**
Reportable segment profit before tax	**3,499,865**	**521,240**	**95,048**	**1,002,971**	**5,119,124**
Reportable segment assets	**130,804,784**	**1,043,034**	**997,115**	**10,984,700**	**143,829,633**
Reportable segment liabilities	**44,630,096**	**215,389**	**196**	**84,604,030**	**129,449,711**
Letters of guarantee	**12,654,024.23**	**127,231.13**	**10,454,858.94**	**26,502.71**	**23,262,617**
Letters of credit	**854,342.98**	**23,185.15**	**401,863.56**	**10,442.31**	**1,289,834**
Customers acceptances	**752,575.53**	**-**	**-**	**4,933.47**	**757,509**
Total contingent liabilities and commitments	**14,260,943**	**150,416**	**10,856,722**	**41,878**	**25,309,960**

	Corporate banking	SME's	Investment banking	Retail banking	Total
Dec.31, 2013					
External revenue					
Net interest income	3,501,640	70,985	(42,019)	1,519,685	5,050,291
Net fee and commission income	701,881	620,030	(28,760)	14,129	1,307,280
Net trading income	627,695	7,148	-	132,549	767,392
Inter-segment revenue	-	-	-	-	-
Total segment revenue	4,831,216	698,163	(70,779)	1,666,363	7,124,963
Reportable segment profit before tax	2,403,170	381,190	200,550	788,388	3,773,298
Reportable segment assets	99,655,534	2,601,325	1,275,407	10,249,299	113,781,565
Reportable segment liabilities	31,028,981	22,517,560	532	48,546,015	102,093,088
Letters of guarantee	8,096,793	81,410	6,689,637	16,958	14,884,798
Letters of credit	826,664	22,434	388,844	10,104	1,248,046
Customers acceptances	49,272	-	-	323	49,595
Total contingent liabilities and commitments	8,972,729	103,844	7,078,481	27,385	16,182,439

36.2 . By geographical segment

EGP Thousands

	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Dec.31, 2014				
Revenue according to geographical segment	**7,052,514**	**1,027,532**	**261,731**	**8,341,777**
Expenses according to geographical segment	**(2,651,972)**	**(468,508)**	**(102,173)**	**(3,222,653)**
Profit before tax	**4,400,542**	**559,024**	**159,558**	**5,119,124**
Tax	**(1,557,762)**	**(183,077)**	**(52,254)**	**(1,793,093)**
Profit for the year	**2,842,780**	**375,947**	**107,304**	**3,326,031**
Total assets	**131,917,469**	**10,839,735**	**1,072,429**	**143,829,633**

Dec.31, 2013	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	6,082,888	907,098	98,709	7,088,695
Expenses according to geographical segment	(2,572,756)	(654,445)	(88,196)	(3,315,397)
Profit before tax	3,510,132	252,653	10,513	3,773,298
Tax	(1,084,005)	(82,660)	(3,439)	(1,170,104)
Profit for the year	2,426,127	169,993	7,074	2,603,194
Total assets	104,163,525	8,163,840	1,454,201	113,781,566

37 . Contingent liabilities and commitments

37.1 . Legal claims

Litigation is a common occurrence in the Banking industry due to the nature of the business undertaken.
The Bank has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing. At year-end, the Bank had several unresolved legal claims.

37.2 . Capital commitments

37.2.1 . Financial investments

The capital commitments for the financial investments reached on the date of financial position EGP Thousands 26,991 as follows:

Available for sale financial investments	**Investments value** EGP Thousands	**Paid** EGP Thousands	**Remaining** EGP Thousands
Dec.31, 2014	**88,658**	**61,666**	**26,991**
Dec.31, 2013	101,813	59,119	42,694

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 amount to :

	Dec.31, 2014 **EGP Thousands**	Dec.31, 2013 EGP Thousands
	21,801	49,362

37.3 . Letters of credit, guarantees and other commitments

	Dec.31, 2014 **EGP Thousands**	Dec.31, 2013 EGP Thousands
Letters of guarantee	**23,262,617**	14,959,323
Letters of credit (import and export)	**1,289,834**	750,766
Customers acceptances	**757,509**	472,351
Total	**25,309,960**	16,182,440

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

38 . Related party disclosures

38.1 · Transactions with key management personnel of the Bank

The Bank enters into transactions, arrangements and agreements involving directors, senior management and their related concerns in the ordinary course of business at commercial interest and commission rates. The following table provides the total amount of transactions:

The aggregate amount of remuneration paid by the Bank to members of its Board of Directors and its senior management for services in all capacities provided to the Bank and its subsidiaries during 2014 was EGP 53.2 million.

	Dec.31, 2014		Dec.31, 2013	
	Outstanding balance	**Income (expense)**	Outstanding balance	Income
	EGP Thousands	**EGP Thousands**	EGP Thousands	EGP Thousands
Loans and advances	**38**	**2,313**	100	1,549
Deposits	**29,652**	**(1,785)**	29,360	(1,118)

38.2 transactions with associates

	Dec.31, 2014			
	Interest from	**Interest to**	**Amounts owed by**	**Amounts owed to**
	EGP Thousands	**EGP Thousands**	**EGP Thousands**	**EGP Thousands**
International Co. for Security & Services	**911**	**49,296**	**12,157**	**1,638**
Corplease Co.	**41,714**	**31,337**	**3,812**	**115,932**
Commercial International Life Insurance Co.	**5,028**	**3,299**	**54,658**	**3,500**

Terms and conditions of transactions with related parties

The above-mentioned outstanding balances arose from the ordinary course of business. The interest rates charged to and by related parties are at normal commercial rates. Outstanding balances at the year-end are unsecured. There have been no guarantees provided or received for any related party receivables or payables.

39 . Tax status

First: Income Tax

From date of establishment till 1984 inspected, paid & settled

From 1985 till 2000 inspected, paid & settled according to the appeal committee, and the disputed items at the court

From 2001 till 2006 inspected, paid & settled

From 2007 till 2008 inspected & the disputed items at the internal committee

From 2009 till 2010 under inspection

Second: Salary Tax

From date of establishment till 2010 inspected, paid & settled

From 2011 till 2012 under inspection

Third: Stamp Duty Tax

- The bank stamp duty calculated according to concerning domestic regulations & laws, and the payments done dring the legal time. and the stamp duty inspected & the disputed items transfer to the appeal committee & the court
- From 01/08/2006 till 31/12/2007 inspected according to the law no. 143 for 2006 & the disputed items at the internal committee
- From 2008 till 2010 under inspection.
- Stamp Duty provision has been established to face the tax authority claims, as the tax authority claim the banks to pay an estimated assessment stamp duty on the loans & overdraft balances by 25% without any legal support in the stamp duty law no. 143 for 2006 & its executive regulation.

40 . Reclass of the compartive year figures Dec.31 2013

Item	Before reclass	After reclass	Reclass Amount
Cash and balances with Central Bank	4,804,975	4,796,240	8,735
Financial assets held for trading	2,286,485	2,295,220	(8,735)
Investment property	9,696	-	9,696
Other assets	3,191,933	3,201,629	(9,696)

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