This document relating to Commercial International Bank (Egypt) S.A.E. (the "**Bank**" or the "**Issuer**") comprises a prospectus (the "**Prospectus**") for the purposes of Article 5 of EU Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). This document has been approved as a Prospectus by the Financial Conduct Authority (the "**FCA**") under section 87A of the Financial Services and Markets Act 2000 (the "**FSMA**").

Prospective GDR holders should rely only on the information in this Prospectus. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Bank. Without prejudice to any obligation of the Bank to publish a supplementary prospectus pursuant to section 87G of the FSMA or paragraph 3.4 of the Prospectus Rules made under section 73A of the FSMA, the publication of this document does not, under any circumstances, create any implication that there has been no change in the affairs of the Bank since, or that the information contained herein is correct at any time subsequent to, the date of this Prospectus.

COMMERCIAL INTERNATIONAL BANK (EGYPT) S.A.E.

(incorporated in the Arab Republic of Egypt with the Commercial Register Office for Investment-Giza Governorate, № 69826)

LISTING AND ADMISSION TO THE OFFICIAL LIST AND TO TRADING ON THE LONDON STOCK EXCHANGE OF UP TO 1,000,000,000 ADDITIONAL GLOBAL DEPOSITARY RECEIPTS

There are currently admitted to listing on the official list (the "**Official List**") of the UK Financial Conduct Authority (the "**FCA**") and to trading on the regulated market for listed securities (the "**Regulated Market**") of the London Stock Exchange plc (the "**London Stock Exchange**"), which is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive), 680,000,000 global depositary receipts (the "**Existing GDRs**" and, together with the Additional GDRs (as defined below), the "**GDRs**") representing interests in ordinary shares of the Issuer ("**Shares**" and, together with the GDRs, the "**Securities**"). This Prospectus relates only to an application (the "**Application**") to list on the Official List and admit to trading on the regulated market of the London Stock Exchange up to 1,000,000,000 additional GDRs (the "**Additional GDRs**").

Application will be made (1) to the FCA, in its capacity as competent authority under FSMA, for up to 1,000,000,000 Additional GDRs, either currently issued or to be issued from time-to-time against the deposit of Shares (to the extent permitted by law) with a custodian acting on behalf of The Bank of New York Mellon, as depositary (the "**Depositary**"), to be admitted to the Official List, bringing the total number of GDRs listed by the Issuer to up to 1,000,000,000 GDRs; and (2) to the London Stock Exchange for the Additional GDRs to be admitted to trading on the Regulated Market. The Existing GDRs are currently, and the Additional GDRs upon approval by the UK Listing Authority (the "**UKLA**") and the London Stock Exchange will be, admitted to trading on the Regulated Market on the International Order Book under the symbol "CBKD". Admission of the Additional GDRs to the Official List and unconditional trading on the London Stock Exchange ("**Admission**") is expected to take place on or about 2 October 2017.

This Prospectus relates only to the Application and does not constitute an offer of, or the solicitation of an offer to subscribe for or levy, any GDRs or other Securities to any person in any jurisdiction. The Issuer is not offering any GDRs or other Securities in connection with Admission.

Additional GDRs will be issued pursuant to a deposit agreement dated 30 July 1996, as most recently amended on 27 September 2017 (the "**Deposit Agreement**") between the Issuer and the Depositary. The Deposit Agreement provides for the issuance of GDRs both outside the United States to certain persons in offshore transaction in reliance on Regulation S (the "**Regulation S GDRs**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and in the United States to qualified institutional buyers ("**QIBs**"), as defined in, and in reliance on, Rule 144A under the Securities Act (the "**Rule 144A GDRs**"). Neither the GDRs nor the Shares have been or will be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States.

The GDRs involve certain risks. See "*Risk Factors*" for a discussion of certain factors that should be considered in connection with the GDRs.

GDRs may be delivered through Euroclear Bank SA/NV, as operator of the Euroclear System, ("**Euroclear**"), Clearstream Banking, *société anonyme* ("**Clearstream**"), and The Depository Trust Company ("**DTC**").

The credit ratings included or referred to in this Prospectus will be treated for the purposes of Regulation (EC) № 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**"), as having been issued by Fitch Ratings Ltd. ("**Fitch**"), Moody's Investors Service Limited ("**Moody's**") and Standard & Poor's Credit Market Services Europe Limited ("**S&P**"). Each of Fitch, Moody's and S&P is established in the European Union and is registered under the CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The date of this Prospectus is 27 September 2017.

TABLE OF CONTENTS

SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. As some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of "Not Applicable".

Section A – Introduction and Warnings		
Element	**Requirements**	
A.1	**Warning**	This summary should be read as an introduction to the Prospectus. Any decision to invest in the GDRs should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the GDRs.
A.2	**Consent for intermediaries**	*Not Applicable*.

Section B – Issuer		
Element	**Requirements**	
B.31/B.1	**Legal and commercial name**	Commercial International Bank (Egypt) S.A.E.
B.31/B.2	**Domicile, legal form, legislation and country of incorporation**	The Bank is a joint stock company incorporated under the laws of the Arab Republic of Egypt ("**Egypt**"). The Bank's registered office is located at Nile Tower Building, 21/23 Charles de Gaulle Street – Giza, P.O. Box 2430, Cairo, Egypt.

B.31/B.3	**Current operations, principal activities and markets**	The Bank is a full-service, Egyptian commercial bank, which (according to figures compiled by the Bank), as at 31 December 2016 was the most profitable Egyptian bank by net income, the largest private sector bank in Egypt in terms of revenue and had the largest loan and deposit market share among all Egyptian private sector banks. The Bank's core business is focused on corporate and consumer banking. The Bank provides a wide range of wholesale banking products and services to its corporate clients, financial institutions and entities of the Egyptian government ("**Government**"). The Bank's corporate activities are extensive, cover most economic sectors in Egypt and include the financing of large-scale infrastructure and other projects and arranging syndicated loans. The Bank offers a wide range of consumer banking products and services, including personal loans, auto loans, deposit accounts, residential property and finance and credit and debit cards. As at 31 December 2016, the Bank had 948,594 customers, as compared to 710,195 customers as at 31 December 2015. As at 30 June 2017, the Bank had a network of 172 branches and 23 units located throughout Egypt, as well as a wide range of alternative distribution channels comprised of more than 807 ATMs, internet banking, 10,872 points-of-sale and a call centre. In addition to traditional banking services, the Bank offers wealth management securitisation, direct investment and treasury services to its clients. The Bank also offers asset management, investment banking, brokerage, research, insurance, leasing, factoring and security services through its subsidiaries and associate companies.
B.31/B.4a	**Recent trends affecting the issuer and its industry**	The most significant trends affecting the Bank and its industry include: • *The Current Economic Environment* **-** Almost all of the Bank's operations are conducted in, and its assets and customers are located in, Egypt. Consequently, the Bank's results of operations and financial condition are materially and significantly affected by Government policy and political and economic developments in, or affecting, Egypt. In particular, the general level of economic growth and inflation rates are critical factors affecting the Bank's performance. • *Fluctuations in Interest Rates* **-** Changes in interest rates affect the Bank's net interest income, net interest margin and overall results of operation. Interest rates are sensitive to many factors beyond the Bank's control, including the policies of central banks, such as the CBE, adverse domestic and international economic conditions and political factors. • *Fluctuations in Exchange Rates* **-** Fluctuations in exchange rates impact the Bank's financial condition and results of operations. The Bank maintains open currency positions, which give rise to exchange rate risk. The Bank's exposure to exchange rate risk may increase. A significant portion of the Bank's exposure to exchange rate risk also depends on numerous factors beyond its control, such as overall market trading activity, fluctuations in interest-rate levels and exchange rates, government actions and general market volatility. • *Competition* **-** The Egyptian market for financial services and products is highly competitive, and the Bank is subject to increasing competition from both domestic and foreign banks and from foreign financial institutions operating in Egypt. The Bank competes for retail and commercial customers principally with five other large

		banks, which, together with the Bank, represented 18% of the assets of the Egyptian banking market as at 31 December 2016.
B.31/B.4b	**Known trends affecting the issuer and its industry**	Known trends affecting the Bank and its industry include: • *The Current Economic Environment* **-** Almost all of the Bank's operations are conducted in, and its assets and customers are located in, Egypt. Consequently, the Bank's results of operations and financial condition are materially and significantly affected by Government policy and political and economic developments in, or affecting, Egypt. In particular, the general level of economic growth and inflation rates are critical factors affecting the Bank's performance. • *Fluctuations in Interest Rates* **-** Changes in interest rates affect the Bank's net interest income, net interest margin and overall results of operation. Interest rates are sensitive to many factors beyond the Bank's control, including the policies of central banks, such as the CBE, adverse domestic and international economic conditions and political factors. • *Fluctuations in Exchange Rates* **-** Fluctuations in exchange rates impact the Bank's financial condition and results of operations. The Bank maintains open currency positions, which give rise to exchange rate risk. The Bank's exposure to exchange rate risk may increase. For example, in March 2016, the Egyptian Pound was devalued against the U.S. Dollar by 13%, representing the then-largest devaluation of the Egyptian Pound in more than ten years. A significant portion of the Bank's exposure to exchange rate risk also depends on numerous factors beyond its control, such as overall market trading activity, fluctuations in interest-rate levels and exchange rates, government actions and general market volatility. In November 2016, the CBE took the decision to allow the Egyptian Pound to trade freely in the official exchange rate market, resulting in a devaluation of the Egyptian Pound against the U.S. Dollar from EGP 7.73 in 2015 to EGP 18.27 by the end of 2016. Prior to the CBE's decision to float the Egyptian Pound, the Bank was holding a short foreign currency position of U.S.$50 million, which led to a foreign exchange loss of approximately EGP 0.5 billion. Accordingly, the devaluation of the Egyptian Pound added EGP 58 billion to the EGP equivalent balance of the Bank's deposits and EGP 32 billion to the EGP equivalent balance of the Bank's loans. • *Competition* **-** The Egyptian market for financial services and products is highly competitive, and the Bank is subject to increasing competition from both domestic and foreign banks and from foreign financial institutions operating in Egypt. The Bank competes for retail and commercial customers principally with five other large banks, which, together with the Bank, represented 18% of the assets of the Egyptian banking market as at 31 December 2016.

B.31/B.5 — **Group structure**

The Bank has one consolidated subsidiary and a number of associate companies (the "**Group**").

The table below sets forth the names, country of incorporation and ownership of each of the Bank's subsidiary and its significant associates as at the date of this Prospectus:

Name	Country of incorporation	Ownership Interest
CI Capital Holding Co. S.A.E.	Egypt	99.98%
International Company for Security and Services (Falcon)	Egypt	35.0%

B.31/B.6 — **Notifiable interests, different voting rights and controlling interests**

As at 31 August 2017 (being the latest practicable date prior to the publication of this Prospectus), the Bank had more than 11,912 shareholders, with two (not including the Depositary) owning a 5.0% or more shareholding.

The following table lists the Bank's shareholders of record, as indicated on its share register, as at 31 August 2017, that held 5.0% or more of its outstanding Shares.

Name	Number of Shares	Percentage of Bank's total Shares (%)
Fairfax Financial Holdings Ltd (through its several wholly-owned subsidiaries)	76,684,184	6.5%
Abu Dhabi Investment Authority	58,633,088	5.1%
Depositary	383,787,218	33%

To the Bank's knowledge, no other person or entity controls more than 5.0% of the Bank's Shares.

All holders of the Bank's Shares have the same voting rights. The Bank is not aware of any arrangements that may result in a change of control.

As at 31 December 2013, Actis CIB Mauritius Limited, an emerging markets private equity firm, managed by Actis LLP, owned 9.1% of the Bank's Shares. In March 2014, Actis CIB Mauritius Limited sold a portion of its interest in the Bank, representing 2.6% of the Bank's total Shares, to international investors. On 19 May 2014, Actis CIB Mauritius Limited sold its remaining 6.5% interest in the Bank to Fairfax Financial Holdings Ltd.

B.31/B.7 — **Selected historical key financial information**

Selected Statement of Profit and Loss and Statement of Financial Position Data

The following tables set forth selected information from the Financial Statements.

	For the year ended 31 December		
	2016	2015	2014
		(EGP millions)	
Continued operations			
Interest and similar income	19,144	14,765	11,530
Interest and similar expense	(9,127)	(6,651)	(5,256)
Net interest income	**10,017**	**8,114**	**6,273**
Fee and commission income	1,966	1,932	1,631
Fee and commission expense	(418)	(300)	(180)
Net fee and commission income	**1,548**	**1,632**	**1,451**
Dividend income	34	35	28
Net trading income	1,315	710	717

Profits (losses) on financial investments	(26)	271	(29)
Goodwill impairment	(217)	—	—
Administrative expenses	(3,119)	(2,562)	(2,113)
Other operating expenses	(1,234)	(566)	(731)
Impairment charge for credit losses	(893)	(1,682)	(589)
Bank's share in the profits of associates	3	28	25
Profit before income tax from continued operations	**7,429**	**5,980**	**5,030**
Current income tax expense	(2,017)	(1,950)	(1,815)
Deferred income tax	(77)	136	38
Net profit from continued operations	**5,335**	**4,167**	**3,254**
Discontinued operations			
Profit from discontinued operations (net of tax)	127	61	72
Net profit for the year	**5,462**	**4,228**	**3,326**
Attributable to:			
Non-controlling interest	14	1	2
Equity holders of the parent	5,448	4,227	3,324
Net Profit for the year	5,462	4,228	3,326
		(EGP)	
Earning per share			
Basic attributable to equity holders of the parent	4.72	3.69	2.90
Diluted attributable to equity holders of the parent	4.65	3.64	2.86

STATEMENT OF FINANCIAL POSITION DATA

	As at 31 December		
	2016	**2015**	**2014**
		(EGP millions)	
Assets			
Cash and balances with the Central Bank	10,522	9,849	7,502
Due from banks	58,011	21,002	9,522
Treasury bills and other governmental notes	39,177	22,130	30,549
Financial assets held for trading	2,445	5,848	3,763
Loans and advances to banks (net)	160	38	118
Loans and advances to customers (net)	85,224	56,798	48,686
Non-current assets held for sale	4,890	1,066	—
Derivative financial instruments	269	81	52
Financial investments			
Available for sale	5,447	46,289	27,702
Held to maturity	53,925	9,261	9,161
Investments in associates	37	160	182
Investment properties	—	—	884
Other assets	5,435	4,789	4,586
Goodwill	—	217	—
Intangible assets	651	651	—
Deferred tax assets	181	258	122
Property and equipment	1,325	1,097	1,002
Total assets	**267,700**	**179,536**	**143,830**
Liabilities and equity			
Liabilities			
Due to banks	3,009	1,601	1,131
Due to customers	231,741	155,234	121,975
Non-current liabilities held for sale	3,685	372	—
Derivative financial instruments	331	146	137
Other liabilities	4,269	3,164	3,402
Current tax liabilities	2,017	1,950	1,831
Long-term loans	160	131	243
Provisions	1,514	862	730
Total liabilities	**246,726**	**163,459**	**129,450**
Equity			
Issued and paid in capital	11,539	11,471	9,082
Reserves	3,449	149	1,906
Reserve for employee stock ownership plan (ESOP)	343	248	178
Retained earnings	5,510	4,161	3,165
Total equity attributable to equity holders of the parent	**20,841**	**16,029**	**14,331**

<table>
<tr><td></td><td></td><td>

Non-controlling interest	133	47	49
Total equity	**20,974**	**16,076**	**14,380**
Total liabilities, equity and non-controlling interest	**267,700**	**179,536**	**143,830**

Certain significant changes to the Group's financial condition and operating results occurred during 2014, 2015 and 2016. These changes are set out below:

- The Bank's net interest income increased by EGP 1,903 million, or 23.5%, to EGP 10,018 million for the year ended 31 December 2016 from EGP 8,114 million for the year ended 31 December 2015, having increased by EGP 1,841 million, or 29.4%, from EGP 6,273 million for the year ended 31 December 2014, principally due to an increase in interest received from banks in the year ended 31 December 2016, and interest received from treasury bills and bonds issued by the government in the year ended 31 December 2015.
- The Bank's profit before income tax increased by EGP 1,449 million, or 24.2%, to EGP 7,429 million for the year ended 31 December 2016, from EGP 5,980 million for the year ended 31 December 2015 having increased by EGP 950 million, or 18.9%, from EGP 5,030 million for the year ended 31 December 2014.
- The Bank's net profit for the year increased by EGP 1,234 million, or 27.3%, to EGP 5,462 million for the year ended 31 December 2016, from EGP 4,228 million in the year ended 31 December 2015, having increased by EGP 902 million, or 27.1%, from EGP 3,326 million in the year ended 31 December 2014.
- The Bank's total assets as at 31 December 2016 increased by EGP 88,164 million, or 49.1%, to EGP 267,700 million from EGP 179,536 million as at 31 December 2015, having increased by EGP 35,706 million, or 24.8%, from EGP 143,830 million as at 31 December 2014.
- The Bank's total liabilities as at 31 December 2016 increased by EGP 83,267 million, or 50.9%, to EGP 246,726 million from EGP 163,459 million as at 31 December 2015, having increased by EGP 34,009 million, or 26.3%, from EGP 129,450 million as at 31 December 2014.

Since 31 December 2016 (being the end of the period covered by the selected historical key financial information set out in the tables above), there has been no significant change in the financial condition or operating results of the Group.
</td></tr>
<tr><td>B.31/B.9</td><td>Profit forecasts</td><td>Not Applicable.</td></tr>
<tr><td>B.31/B.10</td><td>Qualifications in the audit report</td><td>Not Applicable.</td></tr>
<tr><td>B.31/D.4</td><td>Key information on the key risks that are specific to the issuer</td><td>

The key risks relating to the Bank are as follows:

- The impact of, or failure of the Bank to respond to, macroeconomic conditions, including those resulting from the political instability in Egypt following the revolution in 2011 could have a material adverse effect on the Bank's business prospects, financial condition, cash flows or results of operations.
</td></tr>
</table>

		• The impact of, or failure of the Bank to respond appropriately to, fluctuations in exchange rates. The Bank maintains open currency positions, which give rise to exchange rate risk. The Bank's exposure to exchange rate risk may increase. For example, in March 2016, the Egyptian Pound was devalued against the U.S. Dollar by 13%, representing the then-largest devaluation of the Egyptian Pound in more than ten years. A significant portion of the Bank's exposure to exchange rate risk also depends on numerous factors beyond its control, such as overall market trading activity, fluctuations in interest-rate levels and exchange rates, government actions and general market volatility. • The concentration of the Bank's investment portfolio in treasury bills and bonds issued by the Government increases the Bank's potential exposure to the risks of an adverse event occurring in Egypt. • The lack of geographical diversity in the Bank's loan portfolio may restrict the Bank's consumer base and competitiveness with other financial institutions, which could, in turn have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operation. • Any future failure of the Bank to manage staffing levels could have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operations. • Failure of the Bank to anticipate or manage new types of risk, its liquidity risk exposure, its interest risk exposure or its exchange rate risk exposure could have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operations. • Failure of the Bank to compete effectively with domestic and foreign banks may result in the loss of some or all of its banking and lending business and some or all of its funding sources, which could have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operations.
B.32	**Issuer of the depository receipts, including its registered office, legislation under which it operates and legal form**	The Depositary is an entity established in the State of New York, and is a state chartered New York banking corporation and a member of the United States Federal Reserve System, subject to regulation and supervision principally by the United States Federal Reserve Board and the New York State Department of Financial Services. The Bank of New York Mellon was constituted in 1784 in the State of New York. It is a wholly-owned subsidiary of The Bank of New York Mellon Corporation, a Delaware bank holding company. The Depositary's principal executive office is 225 Liberty Street, New York, New York 10286 and its principal administrative offices are located at 101 Barclay Street, 22 Floor, New York, New York 10286. A copy of the Depositary's Articles of Association, as amended, is available for inspection at the offices of The Bank of New York Mellon, London branch, at One Canada Square, London, E14 5AL, United Kingdom.

Section C – Securities		
Information about the underlying Shares		
Element	**Requirements**	
C.13/C.1	**Description of the type and the class of the securities being offered**	The Shares are listed on the Egyptian Exchange under ticker "COMI.CA" and ISIN EGS60121C018.
C.13/C.2	**Currency of securities**	The Shares are issued in Egyptian Pounds.
C.13/C.3	**The number of shares issued (including par value).**	As at 31 March 2017, the Bank's authorised capital was EGP 20 billion. Of the authorised capital of the Bank, 1,153,866,000 shares with a par value of EGP 10 each are issued and fully paid, all of which rank *pari passu* in all respects.
C.13/C.4	**Rights attached to the securities**	The Bank's shareholders have the right to: • attend and vote at meetings (whether an Ordinary or Extraordinary General Meeting, in person or by proxy; • transfer its Shares in the Bank, subject to the rules under Egyptian legislation regulating the ownership of share capital of banks in Egypt, which imposes various notification and approval requirements if shareholders acquire Shares in excess of certain thresholds; • declare a divided (acting through a General Meeting) and to receive dividends so declared; and • appoint, replace or dismiss any member of the Board of Directors through a General Meeting.
C.13/C.5	**Restrictions on the free transferability of the securities**	Pursuant to the Bank's Articles of Association, there shall be no restriction on the transfer of Shares of the Bank, whether the sale is in Egyptian Pounds or a foreign currency. Law № 88 of 2003 on the Central Bank, Banking Sector and Money (the "**Banking Law**") regulates the ownership of the share capital of banks in Egypt. Article 50 of the Banking Law requires any person (whether natural or legal) owning more than 5% and less than 10% of a bank's issued capital to notify the CBE within fifteen days. Pursuant to articles 50 and 51 of the Banking Law, the CBE must approve any ownership in excess of 10% of the Bank's issued share capital (or any other percentage that constitutes actual control over the Bank). CBE approval is also required under the Banking Law for acquisitions of ownership interests in excess of 10% acquired through inheritance or legacy.
C.13/C.6	**Admission of securities to trading on a regulated market**	*Not Applicable*.
C.13/C.7	**Dividend policy**	Net profit after taxation is available for distribution in accordance with the requirements of Egyptian law and the Bank's Articles of Association.

		The Bank is required to establish and maintain a legal reserve to which an amount equal to 5% of annual net profits after taxation must be transferred each year unless the legal reserve is in excess of 50% of paid-in capital. The legal reserve is distributable only upon the liquidation of the Bank. After the allocation of 5% of net profits to the legal reserve (if required), the Bank's shareholders may determine in a General Meeting to make a distribution of the net profits, in which case, net profits are required to be allocated as follows: • a distribution to shareholders of an amount equal to 5% of the paid-in share capital of the Bank as a first dividend. If net profits are insufficient for such distribution, the shortfall may not be used to increase the payment above 5% in any subsequent year; • a distribution of an amount not less than 10% of the Bank's profits and not exceeding the aggregate salaries of the Bank's employees to be distributed to the Bank's employees as recommended by the Board of Directors and approved by the shareholders at the General Meeting; • a distribution of a maximum of 5% of net profits to the Board of Directors, as remuneration in line with the rules adopted by the Board of Directors; and • a further distribution of the balance to shareholders as an additional dividend or to retained earnings, the general reserve or the special reserve as may be allocated by the shareholders at the General Meeting on the recommendation of the Board of Directors. Although the Bank has no written dividend policy, the Bank aims to increase the level of cash dividends paid year-on-year, while maintaining a sufficient equity cushion and capital required for the Bank's growth. The Bank is in the process of formalising a written dividend policy.
Information about the global depositary receipts		
C.14/C.1	**Description of the type and the class of the securities offered**	The GDRs are issued pursuant to the Deposit Agreement. Each GDR represents an interest in one Share on deposit with the custodian. Application will be made for the Additional GDRs to be admitted to the Official List and the LSE to admit the Additional GDRs to trading on the Regulated Market through its IOBE. The ISIN for the Rule 144A GDRs is US2017121060, and the CUSIP number for the Rule 144A GDRs is 201712106. The ISIN for the Regulation S GDRs is US2017122050, and the Common Code for the Regulation S GDRs is 006820972. The LSE trading symbol for the Rule 144A GDRs is 41JB. The LSE trading symbol for the Regulation S GDRs is CBKD.
C.14/C.2	**Currency of the securities**	The currency of the GDRs is U.S. Dollars.
C.14/C.4	**Rights attached to the securities**	Holders will have voting rights with respect to the Shares deposited, subject to the provisions of the terms and conditions of the GDRs.

		Subject to the provisions of the terms and conditions of the GDRs, the Depositary shall notify the Holder of and pay to the Holder all cash dividends or other distributions on or in respect of the Shares deposited (including any liquidation surplus or other amounts received in the liquidation of the Bank) or otherwise in connection with the deposited property in the proportion to which it is so entitled. All amounts shall be converted and paid in U.S. Dollars. Holders of GDRs have the rights set out in the terms and conditions of the GDRs, which may be summarised as follows: • Holders may withdraw the underlying Shares; • The right to receive payment in U.S. Dollars from the Depositary of an amount equal to cash dividends or other cash distributions received by the Depositary from the Bank in respect of the underlying Shares; • The right to receive from the Depositary additional GDRs representing additional shares received by the Depositary from the Bank by way of dividend, free distribution or bonus issue (or if the issue of additional GDRs is deemed by the Depositary not to be reasonably practicable, the net proceeds of the sale of such Shares in U.S. Dollars); • The right to receive from the Depositary any dividend or distribution in the form of securities or other property (other than Shares or cash) received by the Depositary from the Bank (or if such distribution is deemed by the Depositary not to be reasonably practicable, the net proceeds of the sale of such securities or other property in U.S. Dollars); and • The right to request the Depositary to exercise subscription or similar rights made available by the Bank to holders of Shares (or if such process is deemed by the Depositary not to be lawful and reasonably practicable, the right ro receive the net proceeds of the sale of the relevant rights), subject to applicable law and the detailed terms set out in the terms and conditions of the GDRs and the Master GDRs.
C.14/C.5	**Restrictions on the free transferability of the securities**	The GDRs will be subject to certain transfer restrictions under the relevant laws in certain jurisdictions applicable to the transferor or transferee.
C.14	**Rights attaching to the underlying shares, in particular voting rights, the right to share in profits and any liquidations surplus.**	Under the Deposit Agreement, each GDR carries the right to instruct the Depositary to vote one Share, subject to the provisions of applicable law. The Depositary has agreed to pay Holders of GDRs cash dividends or other distributions it receives from the Bank, subject to the restrictions and requirements imposed by applicable law and after deducting its fees and expenses. Subject to applicable law, Holders will receive these distributions in proportion to the number of Shares their GDRs represent. There is no bank or other guarantee attached to the GDRs and intended to underwrite the Bank's obligations. *See C.14/C.4 above.*

Section D - Risks		
Element	**Requirements**	
D.4/D.2	**Information on the key risks that are specific to the issuer of the underlying shares**	The key risks relating to the Bank are as follows: • The impact of, or failure of the Bank to respond to, macroeconomic conditions, including those resulting from the political instability in Egypt following the revolution in 2011 could have a material adverse effect on the Bank's business prospects, financial condition, cash flows or results of operations. • The impact of, or failure of the Bank to respond appropriately to, fluctuations in exchange rates. The Bank maintains open currency positions, which give rise to exchange rate risk. The Bank's exposure to exchange rate risk may increase. For example, in March 2016, the Egyptian Pound was devalued against the U.S. Dollar by 13%, representing the then-largest devaluation of the Egyptian Pound in more than ten years. A significant portion of the Bank's exposure to exchange rate risk also depends on numerous factors beyond its control, such as overall market trading activity, fluctuations in interest-rate levels and exchange rates, government actions and general market volatility. • The concentration of the Bank's investment portfolio in treasury bills and bonds issued by the Government increases the Bank's potential exposure to the risks of an adverse event occurring in Egypt. • The lack of geographical diversity in the Bank's loan portfolio may restrict the Bank's consumer base and competitiveness with other financial institutions, which could, in turn have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operation. • Any future failure of the Bank to manage staffing levels could have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operations. • Failure of the Bank to anticipate or manage new types of risk, its liquidity risk exposure, its interest risk exposure or its exchange rate risk exposure could have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operations. • Failure of the Bank to compete effectively with domestic and foreign banks may result in the loss of some or all of its banking and lending business and some or all of its funding sources, which could have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operations.
D.5/D.3	**Information on the key risks that are specific to the securities**	The key risks relating to the GDRs are as follows: • The market price of the GDRs may be influenced by price and volume fluctuations that are not closely related to the operating performance of particular companies based on external factors, as well as by economic and market conditions in Egypt, and, to a

		varying degree, economic and market conditions in other African countries and the emerging markets generally. • There can be no assurance as to the liquidity of any market that may develop for the GDRs, the ability of holders of the GDRs to sell their GDRs or the price at which such holders would be able to sell their GDRs. • Sales, or the real or perceived possibility of sales, of a significant number of Shares or GDRs in the public market could adversely affect prevailing market prices for the Shares or GDRs. • It may not be possible for investors to effect service of process within the United Kingdom, the United States or other jurisdictions outside Egypt upon the Bank or any directors and senior management. • Holders of GDRs will have no direct voting rights with respect to the Shares represented by the GDRs. • A 30% withholding tax may be imposed on all or some of the payments on the GDRs after 31 December 2016 to holders and non-U.S. financial institutions receiving payments on behalf of holders that, in each case, fail to comply with information reporting, certification and related requirements.

Section E - Offer		
Element	**Requirements**	
E.1	**Net proceeds and expenses**	There will be no proceeds as there is no issue or offer of GDRs or other securities. Total expenses are estimated to be below U.S.$500,000.
E.2a	**Reasons for the offer, use of proceeds and estimated net amount of the proceeds**	*Not Applicable*.
E.3	**Terms and conditions of the offer**	*Not Applicable*.
E.4	**Interests material to the issue/offer**	*Not Applicable*.
E.5	**Offerors and lock-up agreements**	*Not Applicable*.
E.6	**Dilution resulting from the offer**	*Not Applicable*.
E.7	**Expenses charged to the investor**	*Not Applicable*.

RISK FACTORS

An investment in the GDRs involves a high degree of risk. Accordingly, prospective investors should carefully consider, amongst other things, the risks described below, as well as the detailed information set out elsewhere in this Prospectus, and reach their own views before making an investment decision.

The risks and uncertainties described below represent the risks the Bank believes to be material but these risks and uncertainties are not the only risks and uncertainties the Bank faces. Additional risks and uncertainties not presently known to the Bank or that the Bank currently believes are immaterial could also impair the Bank's business operations. If any of the following risks actually materialises, the Bank's business, results of operations, financial condition or prospectus could be materially adversely affected. If that were to happen, the trading prices of the GDRs could decline and investors may lose all or part of their investment. Factors which are material for the purpose of assessing the market risks associated with the GDRs are also described below.

Prospective investors should note that the risks relating to the Bank, its industry and the GDRs summarised in the section of this document entitled "Summary" are the risks that the Bank believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the GDRs. However, as the risks which the Bank faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summaries in the section of this document entitled "Summary" but also, among other things, the risks and uncertainties described below.

Risk Relating to Egypt

Political and Security Concerns

Egypt's financial environment, and, accordingly, the environment in which the Bank operates, is related to the overall political, social and economic situation in Egypt, which, in turn, is tied to any conflicts arising in Egypt and among its neighbours, as well as the level of internal stability.

Commencing on 25 January 2011 and precipitated by the uprising in Tunisia, which led to the "Arab Spring" and the departure of Tunisia's long-standing president in December 2010, demonstrations and protests occurred in Cairo, Alexandria and a number of other Egyptian cities, with protestors demanding the overthrow of President Mubarak. Following several weeks of unrest, President Mubarak dissolved the Government and resigned, ending 30 years in power (the "**2011 Revolution**"). Power was then assumed by the Supreme Council of the Armed Forces (the "**SCAF**"), which suspended the constitution and announced it would govern Egypt until elections were held. Demonstrations and protests, which often escalated into violence, continued throughout 2011 in response to the perceived slow pace of political change. Egypt experienced continued political uncertainty and instability over the course of 2012. Presidential elections were held in June 2012 and were won by the Freedom and Justice Party candidate, Mr. Morsi, who took office on 30 June 2012.

Following further demonstrations and protests in 2013, which culminated in a revolution on 30 June 2013 calling for President Morsi's resignation, the Egyptian military removed President Morsi from office. Following protests and demonstrations by supporters of former President Morsi in August 2013, the interim Government declared a state of emergency and a curfew was imposed (which was lifted in November 2013). In September 2013, following a number of terrorist attacks on army personnel, the military launched a campaign against militants in northern Sinai, and a court banned the Muslim Brotherhood from carrying out any activities in Egypt. In December 2013, the interim Government declared the Muslim Brotherhood a terrorist organisation following a bomb blast in Mansoura. In April 2015, Muslim Brotherhood leader, Mr. Badie, and 13 other senior members of the organisation were sentenced to death, and a number of other members of the organisation were sentenced to life imprisonment, in connection with the violence following the removal of President Morsi. In May 2015, Mr. Morsi and 105 others were sentenced to death for their role in planning jailbreaks and attacks on police during the 2011 Revolution. Mr. Morsi's death sentence was confirmed by the Grand Mufti in June 2015 but was overturned by the Court of Cassation in November 2016, which ordered a retrial. In May 2015, following a retrial, Mr. Mubarak was convicted of corruption charges relating to his time in office. There can be no assurance that there will not be protests, attacks or other violent or political reactions to such ruling and any retrial, which could have a material adverse effect on the political climate and economic activity of the Republic. On 2 March 2017, the Court of Cassation acquitted Mr. Mubarak of all charges relating to the killing of protestors during the 2011 Revolution. Although the corruption conviction against Mr. Mubarak still stands, Mr. Mubarak was released from detention on 24 March 2017.

In January 2014, the current constitution (the "**Constitution**"), which was prepared by a panel of judges and legal scholars and approved by an assembly of political, religious, union and other representatives and public figures, was adopted by referendum. The Constitution came into force on 18 January 2014. In March 2014, the then-defence minister, Field Marshal Al-Sisi, announced his intention to run for president and resigned from the military. Mr. Al-Sisi ran against Mr. Sabahi, the leader of the Egyptian Popular Current, in the elections and won with approximately 96.9% of the valid votes cast. President Al-Sisi was sworn in on 8 June 2014. Parliamentary elections were held between October and December 2015. In January 2016, the House of Representatives held its first session, the first parliamentary session in more than three years.

The Government is likely to continue to face social, economic and political challenges and the risk of instability that often accompanies political transition. These challenges, together with incidents of social and political unrest and violence in Egypt and in the wider region, have had and may continue to have a significant adverse effect on the Egyptian economy. There can be no assurance that further incidents of political or social instability, terrorism, protests or violence will not directly or indirectly negatively affect Egypt and its economy.

As a result of all of the above, the Egyptian banking system and the Bank has experienced a reduction in demand for credit, resulting in excess liquidity, as well as an outflow of foreign investment. There can be no assurance that further incidents of political or social instability, terrorism, protests or violence will not directly or indirectly affect Egypt and its economy, which, in turn, could have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operations. Any weakening in the macroeconomic conditions or further instances of political instability may also assert additional pressure on the Bank's asset quality and profitability metrics.

Economic Concerns

The 2011 Revolution and subsequent events have had material negative macro-economic consequences for the Egyptian economy. These events have contributed to declines in economic growth, as well as decreases in foreign direct investment ("**FDI**") and tourism revenues. The real GDP growth rate slowed in recent years following the economic shock that occurred concurrently with the effects of the Arab Spring and the 2011 Revolution. Although real GDP growth has increased in recent periods, growth rates still remain below 2009/10 levels. Net FDI inflows have followed a similar trend.

Tourism revenue in Egypt decreased by 48.9% in 2015/16 to U.S.$3.8 billion, as compared to U.S.$7.4 billion in 2014/15, which, in turn, contributed to the widening of the Republic's current account deficit. The Egyptian tourism industry has been significantly impacted by the terrorist attacks in Egypt in 2015 and 2016. In the three months ended 30 September 2016, tourist nights decreased by 61.3% to 9.2 million, as compared to 23.7 million in the corresponding period in 2015. Tourism income decreased by 41.5% for the six months ended 31 December 2016 to U.S.$1.6 billion, as compared to U.S.$2.7 billion in the corresponding period in 2015, which, in turn, contributed to the widening of Egypt's current account deficit. In the six months ended 31 December 2016, the total number of tourist nights was 19.1 million, as compared to 38.3 million in the corresponding period in 2015, a decrease of 50.0%.

Egypt's current account deficit has increased over the past five years from U.S.$10.1 billion in 2011/12 to U.S.$18.7 billion in 2015/16. In 2015/16, the current account deficit widened by 54.5%, as compared to 2014/15. The increase in the current account deficit in 2015/16 was primarily due to decreases in net unrequited transfers (principally grants from GCC countries) and the reduction in tourism activity discussed above. In addition, there has been a decrease in the level of remittances from Egyptian workers abroad in reaction to on-going instability in the exchange rate for the Egyptian Pound and as a result of the decline in international oil prices, which have negatively affected the incomes of Egyptian workers abroad, which has, in turn, led to a decrease in remittances from such workers. Continued increases in the current account deficit could have a material adverse effect on the Egyptian economy, the Government's finances and its ability to service its foreign currency debt.

As a result of efforts to compensate for the effects of the contraction in foreign investments in treasury bills and securities on the Egyptian Exchange (the "**EGX**") and the declines in tourism revenues and net FDI, net international reserves with the CBE decreased by U.S.$2.5 billion, or 12.6% in 2015/16, to U.S.$17.5 billion as at 30 June 2016, equivalent to 3.7 months of merchandise imports, as compared to U.S.$20.1 billion as at 30 June 2015, equivalent to 3.9 months of merchandise imports. Net international reserves with the CBE were U.S.$24.3 billion as at 31 December 2016, representing an increase of 38.9%, as compared to 30 June 2016. As at 30 April 2017, net international reserves with the CBE were U.S.$28.6 billion.

There can be no assurance that Egypt will be able to adequately address these issues and failure to do so could have a significant adverse effect on its economy going forward, which could, in turn, have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operations.

In particular, 19.5% of the Bank's investment portfolio is held in treasury bills and bonds issued by the Government, any failure of the Government to manage the economic concerns listed above could result in Egypt defaulting on its sovereign debt, which could, in turn, have a material adverse effect on the Bank's financial condition.

Value of the Egyptian Pound

The CBE has historically managed the Egyptian Pound/U.S. Dollar exchange rate, the value of the Egyptian Pound has been and continues to be impacted by a number of factors, which are outside of the control of the Government and the CBE. In addition, restrictions in auctions and on the interbank market, as well as only partial clearance of foreign exchange requests from commercial banks, historically generated a parallel market for foreign exchange. From time-to-time, there has also been a shortage of U.S. Dollars in the Egyptian market to service foreign currency transactions, as a result of which, the ability to repatriate foreign currency has been limited or curtailed, which has resulted and may, in the future, continue to result in reduced FDI and, therefore, reduced economic growth in Egypt. Recent currency depreciations have increased, and any future currency depreciations would continue to increase, external debt servicing costs. Although restrictions on the remittance of foreign currency outside of Egypt were liberalised in November 2016, certain limitations on remittances remain in place.

In March 2016, the Egyptian Pound was devalued against the U.S. Dollar by 13%, representing the then-largest devaluation of the Egyptian Pound in more than ten years. On 3 November 2016, the CBE announced the move to a liberalised exchange rate regime and other measures in order to quell distortions in the domestic foreign currency market and reduce foreign exchange shortages. Pursuant to the new exchange rate regime, banks and other market participants are at liberty to quote and trade at any exchange rate, and bid and ask exchange rates are expected to be determined by supply and demand. As a result, the Egyptian Pound depreciated against the U.S. Dollar to EGP 14.6350 per U.S.$1.00 (buy rate) on 3 November 2016, as compared to EGP 8.7700 (buy rate) per U.S.$1.00 on 2 November 2016. On 11 January 2017, the market exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = EGP 18.6358, representing a 52.9% depreciation since 2 November 2016. On 26 September 2017, the market exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = EGP 17.6011. As the liberalised exchange rate regime has only recently been implemented, the currency may depreciate further and exhibit a higher degree of volatility than it historically displayed.

The Bank maintains its accounts and reports its results in Egyptian Pounds. The Bank is exposed to the effects of fluctuations in foreign currency exchange rates on its financial positions and cash flows. In response to volatile conditions, since 2011, the Bank has introduced measures to reweight its balance sheet towards local currency deposits and lending. The Bank is also subject to limits on its open currency positions pursuant to CBE regulations and the Bank's internal policies. There can be no assurance the Bank will be able to continue to manage its exchange rate risk and future changes in currency exchange rates and the volatility of the Egyptian Pound may adversely affect the Bank's foreign currency positions, which could, in turn, have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operations. In addition, although the Bank uses a limited number of currency hedging arrangements, no assurances can be given that such hedging arrangements will be available or sufficient for the Bank's future operations due to the underdeveloped currency hedging market in Egypt.

Emerging Markets

Investors in emerging markets, such as Egypt, should be aware that these markets are subject to greater risk than more developed markets, including in some cases significant legal, economic and political risks. These risks have been exacerbated by the recent events in Egypt and the challenges that Egypt has faced as a result.

The Egyptian economy is susceptible to future adverse effects similar to the political and economic instability suffered following the Revolution, as well as similar effects suffered by other emerging market countries.

Investors should also note that emerging economies, such as Egypt's, are subject to rapid change and that the information set out in this Prospectus may become outdated relatively quickly. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment in emerging markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved.

In addition, market participants in countries in emerging markets, including Egypt, may be particularly susceptible to disruptions in the capital markets and the resulting reductions in the availability of credit or increases in financing costs, which could result in them experiencing financial difficulty and limit their ability to service their indebtedness, including the GDRs.

Inflation

Annual inflation, as measured by the CPI, has been relatively high in recent years and was 10.1% in 2011, 7.1% in 2012, 9.5% in 2013, 10.1% in 2014 and 10.4% in 2015. Annual headline CPI increased significantly in December 2016 to 23.27% (as compared to 19.43% in November 2016), in large part as a result of the depreciation of the Egyptian Pound in November 2016 and other measures taken by the Government and the CBE. The Egyptian economy is subject to further risk of high or increasing inflation due to the effects of the recently implemented VAT law, the devaluation of the Egyptian Pound since the 2011 Revolution, as well as any further potential devaluation resulting from future pressure on the Egyptian Pound, rising food prices as a result of subsidy reform, volatility in global wheat harvests and other factors), rising energy prices (as a result of subsidy reform, including recent increases in petroleum prices, and future increases in international energy prices) and an expected recovery in GDP growth rates as economic, fiscal and monetary reforms are implemented. In past years, most recently in 2013, price increases, particularly in respect of food, have led to social unrest. Although price stability is at the centre of the CBE's monetary policy, there can be no guarantee that the CBE will be able to achieve or maintain price stability and thus control inflation. A failure to control inflation could have a material adverse effect on the investment climate in Egypt and, accordingly, on the Bank's business, financial condition, results of operations and prospects.

Terrorism

In recent years, Islamic militants, including the so-called "Islamic State", have operated in a number of countries in the region. In common with other countries in the region, Egypt has experienced a number of terrorist attacks. Since the removal of President Morsi, terrorist attacks in North Sinai on Egyptian military bases, in particular, have increased, resulting in the deaths of soldiers and police. In July 2015, the so-called "Islamic State" launched a wave of further attacks in North Sinai, which have continued in 2016. As a result of such attacks and the related security situation prevailing in North Sinai, Egyptian Natural Gas Holding Company ("**EGAS**") is facing difficulties transporting gas through the Sinai Peninsula to Jordan. Smaller scale attacks have also occurred in Cairo and other cities. In October 2015, the so-called "Islamic State" claimed responsibility for the destruction of a Russian airliner in Sinai, which was flying from Sharm el Sheikh airport. All crew and 224 passengers were killed. Sporadic terrorist attacks resulting in fatalities have continued in 2015 and 2016, including attacks in the tourist resorts of Giza and Hurghada in January 2016. In December 2016, a bomb explosion in Kafr al-Sheikh in the Nile Delta killed a civilian and injured three policemen, and a separate bomb explosion killed six policeman near Giza. Also in December 2016, 25 people were killed in a bomb explosion in the Coptic Cathedral complex in Cairo. On 9 April 2017, explosions occurred at two Coptic Christian churches in Tanta and Alexandria, which killed 47 people. The so-called "Islamic State" claimed responsibility. In response, President Al-Sisi declared a three-month state of emergency and ordered the deployment of the military across Egypt to protect vital infrastructure. These events have affected the Egyptian economy, in particular, the tourism sector. While combatting terrorism continues to be a priority of the Government, there can be no assurance that extremists or terrorist groups will not continue violent activities in Egypt. Terrorist attacks in Egypt have adversely affected, and may continue to adversely affect, the Egyptian economy.

There can be no assurance that extremists or terrorist groups will not escalate or continue occasional violent activities in Egypt, particularly as a result of the social and political upheaval Egypt has experienced following the Revolution. The effects of any such terrorist activities could have a mutual adverse effect on the Bank's business, prospects, financial conditions, cash flows or results of operations as investor confidence in investing in Egypt and Egyptian banks is further weakened.

Egypt's Ratings

The rating of Egypt's long-term foreign currency debt was downgraded in recent years due to, among other things, the political and economic challenges faced by Egypt following, and as a result of, the political protests and uprisings. Certain ratings agencies have upgraded Egypt's credit ratings in light of post-2011 Revolution policies adopted by the Government. Egypt's long-term foreign currency debt is currently assigned a rating of "B-" with a stable outlook by S&P, a rating of B3 with a stable outlook by Moody's and a rating of "B" with a stable outlook by Fitch. On 11 November 2016, S&P revised its outlook on Egypt's long-term foreign currency debt from negative to stable.

As a result of the Bank's high level of exposure to treasury bills and bonds issued by the Government, the Bank's credit ratings were downgraded in line with those of the sovereign in March 2013, May 2013 and July 2013 by Moody's, S&P and Fitch, respectively, reflecting concerns that the Bank would be materially adversely effected if Egypt were to default on its sovereign debt. In each case, there was no immediate impact on the Bank that has impacted its financial condition. In December 2014, April 2015 and May 2015, the Bank's ratings were upgraded by Fitch, Moody's and S&P, respectively, to reflect the upgrade of Egypt's sovereign rating. The Bank's long-term foreign currency debt is currently assigned a rating of "B-" with a stable outlook by S&P, a rating of "B" with a stable outlook by Fitch and a rating of "Caa1" with a stable outlook by Moody's.

The credit ratings assigned to Egypt and the Bank are sub-investment grade and there can be no assurance that a credit rating will remain for any given period of time or that a credit rating will not be downgraded or withdrawn entirely by the relevant rating agency if, in its judgment, circumstances in the future so warrant. Changes in the credit rating of Egypt and the Bank may have adversely affected the trading price of the GDRs in the past and could adversely affect the trading price of the GDRs in the future. A change in the credit rating of one or more other Egyptian corporate borrowers or banks could also adversely affect the trading price of the GDRs. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Regulatory Standards

The banking sector in Egypt remains in a relatively early stage of development compared with other countries and it is unclear how the Egyptian banking sector will implement international banking standards, if at all. Regulatory standards applicable to banks in Egypt and the oversight and enforcement thereof by Egyptian regulators, including the CBE, may differ from those applicable to banking operations in countries with more developed regulatory regimes. As a result, investors may not have the benefit of all of the protections available in such other countries and no assurance can be given that the CBE will not introduce changes to the regulatory environment, which are unexpected or implemented in a way that is inconsistent with international standards, which could, in turn, have a material adverse effect on the Bank's ability to compete and thus on its business, prospects, financial condition, cash flows or results of operations.

Risks Relating to the Bank

Concentration of Investment Portfolio

For the year ended 31 December 2016, 51.2% of the Bank's interest income was represented by interest received in respect of treasury bills and bonds issued by the Government, as compared to 62.0% for the year ended 31 December 2015. In particular, the Bank has increased its holdings of treasury bills and bonds issued by the Government since the Revolution in 2011, as demand for lending in Egypt has generally reduced. If the Government defaults on its treasury bills and bonds, this will have a significant adverse effect on the Bank's financial condition. The large portfolio of treasury bills and bonds issued by the Government held by the Bank, as well as its potential inability to withstand any default by the Government, led to a number of successive downgrades in the Bank's credit ratings between 2012 and 2016 by each of S&P, Moody's and Fitch, in line with downgrades by such agencies of Egypt's sovereign credit ratings.

Similarly, in common with other Egyptian banks, the Bank's loan portfolio represents a relatively small portion of its overall assets by international standards due to relatively limited lending opportunities in Egypt. In addition, the majority of the Bank's other assets are located in Egypt. As a result of all of the foregoing, the Bank is significantly exposed to the risks of an adverse event occurring in Egypt, which could have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operations. In addition, an excessive concentration of the Bank's investment portfolio may reduce the Bank's future profitability.

Lack of Geographical Diversification

As at 31 December 2016, 100.0% of the Bank's borrowers were located within Egypt, with 87.1% of this portfolio located in the Cairo metropolitan area. The lack of geographical diversity in the Bank's loan portfolio may restrict the Bank's consumer base and competitiveness with other financial institutions that compete against the Bank, which could, in turn have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operation. For example, while foreign banks do not currently provide significant domestic competition, the number of foreign banks operating in Egypt, in particular, from Arab countries, has increased in recent years.. In part as a result of the wider geographical diversification of borrowers of foreign banks, these institutions may have significantly greater resources and funding bases that are cheaper or more diversified than the Bank and may increasingly compete against the Bank for domestic corporate customers. Foreign banks also often have greater international experience, allowing them to target the best domestic corporate customers, as well as foreign companies operating in Egypt. The concentration of the Bank's activities within Egypt also exposes the Bank, to a greater extent than those banks operating in a number of markets, to the risks of an adverse event occurring in Egypt, which could have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operations.

In addition, in the event that the Bank expands its operations outside of Egypt, or increases its exposure in other regions of Egypt, it will be exposed to additional risks, including certain regulatory risks, compliance risks, foreign currency exchange risk and the risk of failure to market itself adequately to potential customers in such locations, as well as the other business, financial and other risks inherent to banks. Any failure to manage such risks may cause the Bank to incur increased liabilities in respect of such operations. This could, in turn, have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operations.

Personnel

The Bank depends in large part on its ability to attract, train, retain and motivate highly skilled employees and management. There is, however, significant competition for employees in the Egyptian banking sector, particularly in areas such as risk management, brokerage services and asset management. In particular, competition within the Egyptian banking industry is intense for personnel with relevant experience, especially in regions outside Cairo where the number of potential qualified personnel is relatively limited. In the future, it may be increasingly difficult for the Bank to hire and retain qualified personnel. In addition, the Bank may lose some of its most talented personnel to its competitors, particularly as the macroeconomic conditions in Egypt start to recover and, accordingly, the Egyptian banking sector continues to develop and become more competitive. If this shortage of adequately qualified banking personnel persists, the Bank's ability to offer the desired range, volume and quality of services may be affected, which could materially adversely affect the Bank's prospects, business, financial condition and results of operations.

As at 31 December 2016, the Bank had 6,422 employees (as compared to 5,983 as at 31 December 2015) and hired 29 new employees in 2017. Any future failure of the Bank to manage staffing levels could have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operations.

Weakness of the Egyptian Banking Sector

Since 2004, as a result of the prior systemic weakness of the Egyptian banking sector, the Government and the CBE have been implementing a reform programme. Since then, improvements have been made to consolidate and stabilise the banking sector; reduce non-performing loans; divest state-owned banks' stakes in joint venture banks; strengthen the capital base of Egyptian banks; divest or restructure state-owned banks; and strengthen the supervisory capacity of the CBE. As a result of this reform programme, Egyptian banks are now subject to key regulations relating to capital requirements, capital adequacy, reserve requirements, liquidity requirements, exposure limits, asset classification and provisioning and credit exposure limits. Although the Government had stated its belief that this programme has strengthened Egypt's banking sector, this reform programme has not yet been completed and unaddressed sector weaknesses or any failure to complete the reform programme successfully could negatively impact the banking sector as a whole, which could, in turn, have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operations.

Recent events in Egypt have also introduced further challenges for the banking system, including liquidity and reserves pressures, as well as an outflow of foreign investments. While the banking system has remained largely resilient in the face of unfavourable market conditions, the events of the Revolution caused Egyptian banks to close for eleven days in 2011. Reduced demand for credit in the market has also resulted in Egyptian banks, including the Bank, allocating large portions of excess liquidity to their sovereign investment portfolios. There can be no assurance that if market conditions in Egypt worsen or political instability in Egypt continues or increases, that the banking system will not face further closures or that the Bank will be able to compensate for further reduced demand for credit in the market, all of which could have a material adverse effect on the Bank's ability to compete and thus on its business, prospects, financial condition, cash flows or results of operations.

Competition

The Egyptian market for financial services and products is highly competitive, and the Bank is subject to increasing competition from both domestic and foreign banks and from foreign financial institutions operating in Egypt. The Bank competes for retail and commercial customers principally with five other large banks, which together with the Bank represented 18% of the assets of the Egyptian banking market as at 31 December 2016. Although foreign banks do not currently provide significant domestic competition, these institutions generally may have significantly greater resources and funding bases that are cheaper or more diversified or have a longer tenor than the Bank and increasingly compete against the Bank for domestic corporate customers. Foreign banks generally also have greater international experience, allowing them to target the best domestic corporate customers, as well as foreign companies operating in Egypt. Accordingly, these entities are likely to become increasingly competitive with the Bank in the corporate banking sector in the longer term and, in particular, as macroeconomic conditions in Egypt improve and foreign banks invest in Egypt. The Bank may lose some or all of its banking and lending business and some or all of its funding sources (including deposits from commercial and governmental entities) to such competitors, and this increased competition could have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operations.

Non-performing Loans

As at 31 December 2016, 6.7% of the Bank's total loans and advances to customers were non-performing loans and the ten largest non-performing loans accounted for 67.0% of total non-performing loans. Although the Bank operates a programme to properly classify and adequately provision non-performing loans, there can be no assurance that the Bank's Management has been completely successful either in properly classifying all non-performing loans or in adequately provisioning them, which, if not the case, could materially adversely affect the Bank's prospects, business, financial condition and results of operations. In addition, in response to macroeconomic conditions and the impact of political and security concerns on a number of industries in Egypt, in recent years, the Bank has increased the levels of its provisioning. There can be no assurance of when conditions will permit the Bank to return to its previous provisioning levels. A prolonged period of increased provisioning would have a material adverse effect on the Bank's cash flows and profitability.

Liquidity Risk

The Bank, like other commercial banks in Egypt and elsewhere, is exposed to liquidity risk due to maturity mismatches between its assets and liabilities. As at 31 December 2016, the Bank had cumulative liquidity gaps of EGP 30,227 million for maturities of less than one month, EGP 41,282 million for maturities of between one month and three months, EGP 52,446 million for maturities of between three months and one year and EGP 25,048 million for maturities between one year and five years, principally due to the growth in the Bank's portfolio of deposits. Since the Revolution, the Bank has also employed additional techniques to manage its liquidity, including allocating larger portions of its excess liquidity to holdings of treasury bills and bonds issued by the Government.

Although the Bank believes that its access to domestic and international interbank and capital markets and its liquidity risk management policy, which includes maintaining liquidity reserves sufficient to meet the Bank's liquidity needs for a certain period, allow the Bank to meet its short-term and long-term liquidity needs, the Bank cannot completely eliminate liquidity risk, and there can be no assurance that the Bank will not have to employ additional liquidity management techniques, particularly, if macroeconomic conditions in Egypt deteriorate further.

Accordingly, maturity mismatches between the Bank's assets and liabilities (including by reason of the withdrawal of large deposits) or unexpected or unplanned withdrawals of deposits by the Bank's customers could lead to liquidity gaps that the Bank will have to cover, thus incurring additional expenses, and ultimately may have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operations.

Collateral Value

Pursuant to applicable CBE regulation, the Bank may only consider cash or mortgages as collateral. Although the Bank may still accept other forms of collateral as security for loans, such loans are not treated as collateralised loans. Downturns in the relevant markets, in particular in the real estate market, or a general deterioration of economic conditions, such as those that have occurred since the Revolution, have resulted and may continue to result in declines in the value of collateral securing a number of loans to levels below the amounts of the outstanding principal and accrued interest on those loans. The Bank recognised a loan loss provision expense of EGP 893 million in the year ended 31 December 2016 in response to the prolonged recovery of certain markets as a result of macroeconomic conditions in Egypt. The Bank has also renegotiated the provisions of loans with certain corporate borrowers.

If collateral values decline, they may not be sufficient to cover uncollectible amounts on the Bank's secured loans, which may require the Bank to reclassify the relevant loans, establish additional loan loss expenses and increase reserve requirements. A failure to recover the expected value of collateral may expose the Bank to losses, which may materially adversely affect the Bank's business, prospects, financial condition, cash flows or results of operations. The likelihood of such failure will be increased if macroeconomic conditions in Egypt do not recover.

Unidentified or Unanticipated Risks

In the ordinary course of its business activities and in common with other commercial banks, the Bank is exposed to a variety of financial, market and operational risks, including credit risk, market risk, currency risk, interest rate risk, prepayment risk, equity price risk, liquidity risk and operational risk. While the Bank's Management believes that its risk management policies and procedures are appropriate and sufficient to control and mitigate such risks and such policies and procedures are regularly reviewed and updated, the Bank may be exposed to risks that are currently unidentified or unanticipated, including new credit and other risks. Some of the Bank's methods of managing risk are based upon its use of observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be significantly greater than historical measures indicate. Other risk management methods depend upon evaluation of information regarding the markets in which the Bank operates, its clients or other matters that are publicly available or otherwise accessible by the Bank. This information may not be accurate in all cases, complete, up-to-date or properly evaluated. Such risk is increased by the undeveloped nature of Egypt's system for gathering and analysing statistical information, as compared to that in more developed markets. The occurrence of any such unidentified or unanticipated risks may have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operations.

Interest Rate Risk

The Bank is exposed to risks resulting from mismatches between the interest rates on its interest-bearing liabilities and interest-earning assets. In addition, increased pressure on the interest rates on the Bank's interest-earning assets, may arise as a result of pressure from market conditions in Egypt, as the Bank competes to attract clients in such an environment. While the Bank monitors and tests its interest rate sensitivity by analysing the composition of its assets and liabilities and off-balance sheet financial instruments, interest rate movements may have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operations.

IT Systems

The Bank depends on its information technology ("**IT**") systems to process a large number of transactions on an accurate and timely basis and to store and process substantially all of the Bank's business and operating data. The proper functioning of the Bank's financial control, risk management, credit analysis and reporting, accounting, customer service and other IT systems, as well as the communication networks between its branches and central office, are critical to the Bank's business and its ability to compete effectively. The Bank's business activities would be materially disrupted if there were a partial or complete failure of any of its IT systems or communications networks. Such failures can be caused by a variety of factors, including natural disasters, extended power outages and computer viruses. Although the Bank has developed a business continuity planning process, there can be no assurance that all such failures will be provided for under such process. The proper functioning of the Bank's IT systems also depends on accurate and reliable data and other system input, which are subject to human errors. Any failure or delay in recording or processing the Bank's transaction data could subject it to claims for losses and regulatory fines and penalties and could have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operations.

The secure transmission of confidential information is a critical element of the Bank's operations. The Bank's networks and systems may be vulnerable to unauthorised access and other security problems. No assurance can be given that the Bank's existing security measures will prevent security breaches, including break-ins and viruses, or other disruptions such as those caused by defects in hardware or software and errors or misconduct of operators. Persons who circumvent the Bank's security measures could use the Bank or the Bank's clients' confidential information wrongfully. Any material security breach or other disruptions could expose the Bank to risk of loss and regulatory actions and harm its reputation.

In addition, any substantial failure to improve or upgrade the Bank's IT systems effectively, or to develop its risk management systems in line with the growth in the Bank's business and related shifts in its risk exposure could have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operations.

Lack of Information and Risk Assessments

Although the CBE licensed a credit bureau in 2007, Egypt's system for gathering and publishing statistical information relating to its economy generally, specific economic sectors within Egypt, and corporate and financial information relating to companies and other entities, is not as comprehensive as is found in many countries with established market economies. Accordingly, the information available to the Bank in its credit approval process may be less comprehensive than that available to banks operating outside of Egypt.

The quality of the statistical, corporate and financial information, including audited financial statements and recognised debt rating reports, available to the Bank and other banks operating in Egypt relating to prospective corporate borrowers or retail clients makes the assessment of credit risk, including the valuation of collateral, more difficult.

Although the Bank ordinarily makes an estimation of the net realisable value of collateral on the basis of which it determines applicable impairment assessments and collateralisation requirements, the absence of additional statistical, corporate and financial information may decrease the accuracy of the Bank's assessments of credit risk, thereby increasing the risk of provisions being insufficient and decreasing the likelihood that the Bank would be able to enforce any security in respect of the corresponding loan or that the relevant collateral will have a value commensurate to the loan secured on it. This could, in turn, have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operations.

Compliance Systems

The Bank's ability to comply with applicable legal restrictions and CBE regulations, including with respect to international sanctions and anti-money laundering, is largely dependent on its maintenance of compliance, audit and reporting systems and procedures, and its ability to attract and retain personnel qualified to manage and monitor such systems and procedures. While the Bank has established policies and procedures in place, which are reviewed and updated regularly, the Bank cannot ensure that these systems and procedures cover all risks. The Bank is subject to extensive oversight by regulatory authorities, including regular examination activity. In addition, the Bank performs regular internal audits and is subject to external audits to monitor and test its compliance systems. In the case of actual or alleged non-compliance with regulations, the Bank could be subject to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits, including by customers for damages. Any of these could have a material adverse effect on the Bank's business, prospects, financial condition, cash flows or results of operations. Notwithstanding the foregoing, the Bank believes that its risk management and internal control policies and procedures are sufficient to ensure compliance with the transparency requirements of the FCA in relation to information about issuers whose securities are admitted to trading on a regulated market.

Risks Relating to the GDRs

Market Price

The market has from time to time experienced significant price and volume fluctuations that are not closely related to the operating performance of particular companies. Factors including developments in the financial sector, increased competition, fluctuations in the Bank's operating results, the regulatory environment, availability of reserves, general market conditions, natural disasters and war may have an adverse effect on the market price of the GDRs.

The market price of the GDRs is also influenced by economic and market conditions in Egypt and, to a varying degree, economic and market conditions in other African countries and the emerging markets generally. Financial turmoil in other emerging markets in the past has adversely affected market prices in the world's securities markets for companies that operate in those developing economies. Financial turmoil in both Egypt and other emerging markets could materially adversely affect the market price of the GDRs.

Trading Market Risk

There can be no assurance as to the liquidity of any market that may develop for the GDRs, the ability of holders of the GDRs to sell their GDRs or the price at which such holders would be able to sell their GDRs. Although the GDRs will be listed, there can be no assurance that, where such listing is obtained, an active trading market will develop or be sustained. In addition, the liquidity of any market for the GDRs will depend on the number of holders of the GDRs, the interest of securities dealers in making a market in the GDRs and other factors.

Sales

Sales, or the real or perceived possibility of sales, of a significant number of Shares or GDRs in the public market could adversely affect prevailing market prices for the Shares or GDRs. The Bank cannot predict the effect, if any, that market sales of the Shares and GDRs, or the availability of the Shares or GDRs for future sale, will have on the market price of its GDRs, but these factors could adversely affect the price of the Shares and the GDRs.

Enforcement of Foreign Judgments Against the Bank

The Bank is incorporated under the laws of Egypt and substantially all of the assets of the Bank are located outside of the United Kingdom and the United States. As a result, it may not be possible for investors to effect service of process within the United Kingdom, the United States or other jurisdictions outside Egypt upon the Bank or any directors and senior management or to enforce against any of them judgments of courts in the United Kingdom, the United States or other jurisdictions outside Egypt, including judgments predicated upon civil liabilities under the securities laws of the United Kingdom.

Evolving Tax Legislation

Changes to tax legislation in Egypt, in particular, imposing capital gains taxes on shares and dividends are under discussion. There can be no assurance if, and when, these or further changes to tax legislation (if any) may be introduced and the effects such legislation may have on the Bank or holders of the GDRs.

Limitations on Voting

Holders of GDRs will have no direct voting rights with respect to the Shares represented by the GDRs. They will have a right to instruct the Depositary on how to exercise those rights, in accordance with the Conditions (as defined below). However, there are practical limitations upon their ability to exercise voting rights due to additional procedural steps involved in the Bank's communication with holders. GDR holders will not receive notices of meetings directly from the Bank, but from the Depositary, which has undertaken to mail to GDR holders notices of meetings, copies of voting materials and a statement as to the manner in which instructions may be given by holders. As a result, the process of exercising voting rights may take longer for holders of GDRs than for holders of the Shares and there is a possibility that a holder will not receive voting materials or otherwise learn of a meeting of shareholders in time to enable the holder to return voting instructions to the Depositary in a timely manner. In addition, pursuant to the Conditions, the Depositary shall not be required to take any action to vote on behalf of the GDR holders unless it has received an opinion from legal counsel to the Bank to the effect that the voting arrangement in place is valid and binding on GDR holders under Egyptian law and that the Depositary will not be deemed to be exercising a voting discretion. See "*Terms and Conditions of the Global Depositary Receipts*".

Foreign Account Tax Compliance Act

A 30% withholding tax may be imposed on all or some of the payments on the GDRs after 31 December 2016 to holders and non-U.S. financial institutions receiving payments on behalf of holders that, in each case, fail to comply with information reporting, certification and related requirements. Under current guidance, the amount to be withheld is not defined, and it is not yet clear whether or to what extent payments on the GDRs may be subject to this withholding tax.

This withholding tax, if it applies, could apply to any payment made with respect to the GDRs. Moreover, withholding may be imposed at any point in a chain of payments if a non-U.S. payee fails to comply with U.S. information reporting, certification and related requirements. Accordingly, GDRs held through a non-compliant institution may be subject to withholding even if the holder otherwise would not be subject to withholding.

If Foreign Account Tax Compliance Act ("**FATCA**") withholding is required, the Bank will not be required to pay any additional amounts with respect to any amounts withheld. Certain beneficial owners of GDRs that are not foreign financial institutions generally will be entitled to refunds of any amounts withheld under FATCA, but this may entail significant administrative burden. U.S. and non-U.S. holders are urged to consult their tax advisers regarding the application of FATCA to their ownership of the GDRs.

In addition, certain U.S.-source payments received by the Bank may be subject to 30% withholding if the Bank does not comply with reporting obligations imposed by FATCA. To avoid the imposition of such withholding, the Bank intends to comply with FATCA to the extent permitted by Egyptian law.

Payment of Dividends

The payment of dividends, if any, by the Bank to its shareholders and holders of the GDRs will depend on (in addition to applicable regulatory requirements), among other things, the Bank's future profits, financial position and capital requirements, the sufficiency of the Bank's distributable reserves, credit terms, general economic conditions and other factors that the directors or shareholders deem to be important from time-to-time. Should the Bank's shareholders decide against declaring dividends in the future, the price of the GDRs may be adversely affected.

Any dividends that may be paid by the Bank in the future in respect of the Shares held by the Depositary or its nominee on behalf of GDR holders will be declared and paid in Egyptian Pounds and will be converted into U.S. Dollars by the Depositary and distributed to holders of the GDRs, net of all fees, taxes, duties, charges, cost and expenses, which may become or have become payable under the Deposit Agreements or under applicable law in respect of such GDRs.

Accordingly, the value of dividends received by holders of the GDRs will be subject to fluctuations in the exchange rate between the Egyptian Pound and the U.S. Dollar, which could have an adverse effect on the price of the GDRs.

Furthermore, even though current Egyptian legislation permits distributions in Egyptian Pounds to be converted into U.S. Dollars by the Depositary without restriction, the ability to convert Egyptian Pounds into U.S. Dollars is subject to the availability of U.S. Dollars in Egyptian currency markets. Although there is an existing, albeit limited, market within Egypt for the conversion of Egyptian Pounds into U.S. Dollars, continued or further development of this market is uncertain. Furthermore, the CBE could in the future impose certain restrictions and requirements with respect to foreign currency operations carried out in Egypt.

IMPORTANT INFORMATION

This Prospectus contains information provided by the Bank in connection with the Application. The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer, having taken all reasonable care that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person may reproduce or distribute this Prospectus, in whole or in part, or disclose any of its contents or use any information herein for any purpose other than the Application.

The distribution of this Prospectus and the transfer of GDRs in certain jurisdictions may be restricted by law. The Issuer requires persons into delivery and whose possession this Prospectus comes to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer of, or an invitation to purchase, GDRs in any jurisdiction. No one has taken any action that would permit a public offering to occur in any jurisdiction.

The GDRs have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged or otherwise transferred within the United States at any time, other than in accordance with Regulation S, Rule 144A or another available exemption under the Securities Act. Neither the U.S. Securities and Exchange Commission, nor any state securities commission nor any other regulatory authority has approved or disapproved the Securities or passed upon or endorsed the merits of the Bank's GDR Programme (the "**Programme**") or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Holding GDRs involves a number of risks. Participation in the Programme is suitable only for, and should be made only by, sophisticated investors who can bear the risks of limited liquidity and who understand and can bear the financial and other risks of participating in the Programme for an indefinite period of time. The contents of this document are not to be construed as legal, business or tax advice. Each prospective GDR holder should consult his, her or its own solicitor, independent financial advisor or tax advisor for legal, financial or tax advice. Holders of GDRs must make their own on-going examination of the Bank and the terms of the GDRs, including the risks involved. See "*Risk Factors*".

Forward-Looking Statements

Certain statements in this Prospectus may constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. These statements appear in a number of places in this Prospectus and include statements regarding the Bank's intent, belief or current expectations or those of the Bank's Management (as defined below) with respect to, among other things:

- changes in economic, political, social or legal conditions in Egypt and the other markets in which the Bank and its customers operate;
- the Bank's results of operations, financial condition, future economic performance and any plans regarding its business;
- the Bank's competitive position and the effect of such competition on its results of operations;
- trends affecting the Bank's financial condition or results of operations, including the exchange rate of the Egyptian Pound against foreign currencies;
- the Bank's plans, including those related to new products or services and anticipated customer demand for such products or services and potential acquisitions;
- the Bank's growth and investment programmes, the relevant anticipated capital expenditure and the success of its investments programmes;
- the Bank's intentions to contain costs, increase operating efficiency and promote best practices;
- assumptions made by the Bank's Management;
- the potential impact of regulatory actions on the Bank's business, prospects, financial condition, cash flows and results of operations; and

- the timing, impact and other uncertainties of future actions.

These forward-looking statements can be identified by the use of forward-looking terminology such as “believes”, “expects”, “may”, “is expected to”, “will”, “will continue”, “should”, “approximately”, “would be”, “seeks”, or “anticipates” or similar expressions or comparable terminology, or the negatives thereof. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results, performance or achievements of the Bank may differ materially from those expressed or implied in the forward-looking statements as a result of various factors. The information contained in this Prospectus, including, without limitation, the information under “*Risk Factors*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, “*Selected Statistical and Other Data*”, “*Business*”, “*The Banking Sector in Egypt*” and “*The Arab Republic of Egypt*”, identifies important factors that could cause such differences. In addition, many other factors could affect the Bank’s actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements.

The Bank is not obliged to, and does not intend to, update or revise any forward-looking statements made in this Prospectus whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributable to the Bank, or persons acting on its behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Prospectus, As a result of these risks, uncertainties and assumptions, prospective holders of GDRs should not place undue reliance on these forward-looking statements.

Presentation of Financial and Certain Other Information

Financial Statements

The audited consolidated financial statements of the Bank as at and for the years ended 31 December 2014 (the “**2014 Financial Statements**”), as at and for the years ended 31 December 2015 (the “**2015 Financial Statements**”) and as at and for the years ended 31 December 2016 (the “**2016 Financial Statements**” and, together with the 2014 Financial Statements and the 2015 Financial Statements, the “**Financial Statements**”) are included elsewhere in this Prospectus.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”). The Bank also prepares statutory annual audited consolidated financial statements under Egyptian Financial Reporting Standards, as amended, and the instructions of the CBE approved by the Board of Directors on 16 December 2008.

Restatements

The Bank made certain restatements to figures included in the 2015 Financial Statements. The 2015 figures included in the Prospectus are derived from the 2016 Financial Statements and differ from figures included in the 2015 Financial Statements and published elsewhere. The Bank believes that these restatements had no material impact on the Bank’s financial position and results of operations.

Reclassification

The Bank made certain re-classifications to figures included in the 2014 Financial Statements. The 2014 figures included in the Prospectus are derived from the 2015 Financial Statements and differ from figures included in the 2014 Financial Statements. Re-classifications were made in order to ensure compliance with the classifications included in the 2015 Financial Statements.

Currencies

Unless otherwise specified or the context so requires, references to “**Egyptian Pounds**” and “**EGP**” are to the lawful currency of Egypt, references to “**U.S. Dollars**” and “**U.S.$**” are to the lawful currency of the United States of America, references to “**Euros**” and “**€**” are to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Union (the “**EU**”), as amended, and references to “**British Pounds Sterling**”, “**GBP**” and “**£**” are to the lawful currency of the United Kingdom of Great Britain and Northern Ireland. Where Egyptian Pounds amounts have been translated into U.S. Dollars, they have been so translated for convenience only at the rates indicated. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted into U.S. Dollars at that or any other rate. See “*Risk Factors—Risks Relating to the Bank—Exchange Rate Risks*”.

Historical Exchange Rate Information

The table below shows, for the periods indicated, the high, low, average and period-end exchange rates between the Egyptian Pound and the U.S. Dollar expressed as the number of Egyptian Pounds per U.S.$1.00 and as published by the CBE.

	High	Low	Average	Period End
		(EGP per U.S.$1.00)		
Year ended 31 December				
2016	19.1343	7.8063	10.1223	18.2665
2015	8.0074	7.1453	7.7016	7.7301
2014	7.1404	6.8283	7.0751	7.1401

Source: CBE

These rates may differ from the actual rates used in the preparation of the Financial Statements and other financial information appearing in this Prospectus. Balance sheet captions are translated using period end rates of EGP 18.27 for 2016, EGP 7.73 for 2015 and EGP 7.1401 for 2014. Income statement captions, however, are translated on a monthly basis using the end-of-month rate for each respective month.

Rounding

Certain amounts, which appear in this Prospectus, have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as the totals in certain tables may not be an arithmetic aggregation of the figures, which precede them. Rounding conventions have been observed.

Alternative Performance Measures

In this Prospectus, the Bank uses the following metrics in the analysis of its business and financial position, which the Bank considers to constitute Alternative Performance Measures ("**APMs**"), as defined in the European Securities and Market Authority Guidelines on Alternative Performance Measures dated 5 October 2015 (the "**ESMA Guidelines**").

Set out below is a summary of the APM metrics used, the definition, bases of calculation and reconciliation of such metrics and the rationale for the inclusion of such metrics.

Metric	Definition, method of calculation and reconciliation to financial statement line item	Rationale
Return on average assets (ROAA)	Calculated by dividing net profit for the year by average total assets. Averages are calculated as the average of the opening and closing balances for each relevant period.	Performance measure
Return on average equity (ROAE)	Calculated by dividing net profit for the year by the sum of average total equity. Averages are calculated as the average of the opening and closing balances for each relevant period.	Performance measure
Net interest spread	Net interest spread is calculated by subtracting the cost of funds (i.e., interest expense divided by average interest-bearing liabilities) from loan yield (*i.e.*, interest income for the year divided by average interest-earning assets, excluding provisions for loan losses). Interest-earning assets are defined as comprising the total of treasury bills and bonds, reverse repos, financial investments in held to maturity and available for sale debt instruments, customer loans, and amounts due from banks. Interest-bearing liabilities are defined as comprising the total of customer deposits and amounts due to banks, including the CBE, and financial instruments purchased with a commitment to resale (repos). Averages are calculated as the average of the opening and closing balances for each relevant period.	Performance measure
Net interest margin	Calculated by dividing net interest income for the year by average interest-earning assets, excluding provisions for loan losses. Averages are calculated as the average of the opening and closing balances for each relevant period.	Performance measure
Non-interest income to total income	Calculated by dividing non-interest income for the year by total income. Non-interest income includes net fee and commission income, profit (loss) on financial investments, dividend income,	Performance measure

	net trading income and other operating income (expense). Total income includes net interest income and non-interest income.	
Non-interest income to average total assets	Calculated by dividing non-interest income for the year by average total assets. Non-interest income includes net fee and commission income, profit (loss) on financial investments, dividend income, net trading income and other operating (expenses) income.) Averages are calculated as the average of the opening and closing balances for each relevant period.	Performance measure
Operating expenses to average total assets	Calculated by dividing administrative expenses by average total assets. Averages are calculated as the average of the opening and closing balances for each relevant period.	Performance measure
Taxes paid/profit before tax	Calculated by dividing current income tax expense and deferred income tax by profit before income tax from continuing and discontinuing operations.	Performance measure
Cost income ratio	Calculated by dividing administrative expenses by total income, excluding releases/(charges) of other provisions and after deducting goodwill impairment. A measure of the efficiency of revenue generation.	Performance measure
Net loans to total assets	Calculated by dividing the sum of loans and advances to banks, net, and loans and advances to customers by total assets.	Liquidity measure
Net loans to customer deposits	Calculated by dividing net loans and advances to banks, and loans and advances to customers by total assets.	Liquidity measure
Customer deposits to total deposits	Calculated by dividing due to customers by total deposits, which include deposits due to banks and deposits due to customers.	Liquidity measure
Liquid assets to total assets	Calculated by dividing liquid assets, by total assets. Liquid assets include cash and balances with central bank (excluding CBE mandatory reserve), due from banks, treasury bills and other governmental notes, and trading financial assets.	Liquidity measure
Liquid assets to total customer deposits	Calculated by dividing liquid assets, by total customer deposits. Liquid assets include cash and balances with central bank (excluding CBE mandatory reserve), due from banks, treasury bills and other governmental notes, and trading financial assets.	Liquidity measure
Non-performing Loan Coverage Ratio	Calculated by dividing Impairment provisions by individually impaired loans.	Asset quality measure
Provisions for loans and guarantees (net) to average total gross loans	Calculated by dividing impairment provisions by average gross loans, which includes loans and advances to customers and loans and advances to banks.	Asset quality measure
Non-performing loans (net) to total gross loans	Calculated by dividing non-performing loans by total gross loans, which includes loans and advances to customers and loans and advances to banks.	Asset quality measure
Non-performing loans (net) to total shareholder's equity	Calculated by dividing non-performing loans by total equity and net profit for the year.	Asset quality measure

The above APMs have been included in this Prospectus to facilitate a better understanding of the Bank's historic trends of operation and financial condition. The Bank uses APMs as supplementary information to its operating results. The APMs are not defined by, or presented in accordance with, IFRS. The APMs are not measurements of the Bank's operating performance under IFRS and should not be considered as alternatives to any measures of performance under IFRS. In addition, other companies, including those in the Bank's industry, may calculate similarly titled APMs differently from the Bank. Because companies do not calculate these APMs in the same manner, the Bank's presentation of such APMs may not be comparable to other similarly titled APMs used by other companies.

Websites

The contents of the Bank's or any member of the Group's websites (including any materials that are hyper-linked thereon) do not form part of this Prospectus.

Information from Public Sources

Certain statistical and market information that is presented in this Prospectus has, unless otherwise stated herein, been extracted from documents and other publications released by the CBE, the Ministry of Finance and the Central Agency for Public Mobilization and Statistics ("**CAPMAS**"). Annual information presented in this Prospectus published by Government authorities is, unless otherwise noted, based on the Republic's fiscal year. The Republic's fiscal year commences on 1 July of each year and ends on 30 June of the following year. Accordingly, the year commencing 1 July 2015 and ending 30 June 2016 is referred to as "2015/16". All information from public sources is subject to revision and update. All figures from public sources for the year 2014/15 and subsequent periods should be considered preliminary. See "*Risk Factors—Risks relating to Egypt—Lack of Information and Risk Assessments*".

The Issuer has accurately reproduced such information and, so far as the Issuer is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Prospectus, the source of such information has been identified.

Enforcement of Foreign Judgments

The Bank is incorporated under the laws of Egypt. None of the members of the board of directors or other principal officers of the Bank is a resident of the United States, the majority of the members of the board of directors or other principal officers of the Bank is resident outside of the United Kingdom and substantially all of the assets of the Bank are located outside of the United States and the United Kingdom. As a result, it may not be possible for investors to effect service of process within the United States or the United Kingdom or other jurisdictions outside Egypt upon the Bank or any directors and executive officers or to enforce against any of them judgments of courts in the United States or the United Kingdom or other jurisdictions outside Egypt, including judgments predicated upon civil liabilities under the securities laws of the United States or the United Kingdom.

Enforcement of foreign judgments in Egypt is subject to the following conditions:

- the foreign courts rendering the relevant judgment must offer reciprocal treatment to judgments obtained in the courts of Egypt; if such reciprocal treatment is not offered by the foreign court where the judgment is obtained, Egypt's courts will re-examine the merits of the case;

- the courts of Egypt are not exclusively competent to hear the dispute which was the subject of the foreign judgment, and the foreign courts are shown to have been competent to hear the dispute in accordance with their own respective laws;

- the parties to the dispute were duly notified and properly represented in the proceedings;

- the foreign judgment is final, non-appealable and conclusive in accordance with relevant law; and

- the foreign judgment does not conflict with a prior Egyptian judgment or a court order on the same subject matter and is not contrary to public order in Egypt.

Egyptian counsel to the Bank has advised that they are not aware of any Egyptian court decision that was enforced by the courts of the United Kingdom, which would satisfy the first criterion above. Egyptian courts are competent to hear disputes brought against Egyptians whether or not resident in Egypt, which may result in the rejection of the request of *exequatur* of a non-Egyptian judgment rendered against the Bank. Further, since a review of whether the judgment conflicts with Egyptian public policy is a matter for Egyptian courts to decide, foreign court judgments would not be enforceable without being re-examined on the merits. The only exception is where an international treaty providing for the recognition and enforcement of judgments in civil cases exists between Egypt and the country where the judgment is rendered. No such treaty exists between Egypt and the United States or the United Kingdom for the reciprocal enforcement of foreign court judgments.

Available Information

For so long as any Rule 144A GDRs or the Shares represented thereby are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which it is neither subject to Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted Rule 144A GDRs or to any prospective purchaser of such restricted Rule 144A GDRs designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be delivered to such persons pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision thereto).

DIVIDEND POLICY

Dividend Policy

Holders of GDRs will be entitled to any dividends the Bank may declare or pay. The owner of each GDR will be entitled to receive from the Depositary an amount equal to the net dividends received by the Depositary per Share, subject to the fees and expenses of the Depositary and any applicable withholding tax. Dividends on the Shares will be paid in Egyptian Pounds but holders of GDRs will receive any payments of dividends in U.S. Dollars (if necessary, converted by the Depositary as soon as practicable at the then applicable EGP/U.S.$ exchange rate. See "*Terms and Conditions of the Global Depositary Receipts*".

Dividends are determined and paid in accordance with Egyptian legislation and the provisions of the Bank's articles of association. See "*Description of the Share Capital of the Bank and Certain Requirements of Egyptian Legislation—Summary of the Memorandum and Articles of Association—Dividends and Liquidation*".

Although the Bank has no written dividend policy, the Bank aims to increase the level of cash dividends paid year-on-year, while maintaining a sufficient equity cushion and capital required for the Bank's growth. The Bank is in the process of formalising a written dividend policy.

Dividends Paid

The following table sets forth the cash dividends paid by the Bank to shareholders on the Shares for the periods indicated.

Year ended 31 December	**Total Dividends Paid**[1]	**Dividends paid per Share**
	(EGP millions)	*(EGP)*
2016	1,463	0.50
2015	1,564	0.75
2014	943	1.20

Note:
(1) Before taxes.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Bank's capitalisation and indebtedness as at 31 December 2016.

	As at 31 December 2016
	(EGP millions)
Total current debt	—
Guaranteed	—
Secured	—
Unguaranteed/unsecure	—
Total non-current debt(1)	160
Guaranteed	160
Secured	—
Unguaranteed/unsecured	—
Equity	
Issued and paid in capital	11,539
Reserves	3,449
Reserve for employee stock ownership plan	343
Retained earning	5,510
Total equity attributable to equity holders of the parent	**20,841**
Total capitalisation and indebtedness	**21,001**

Note:

(1) Comprises grants from the CBE to particular projects provided through the Bank.

There has been no material change in the capitalisation and indebtedness of the Bank since 31 December 2016.

SELECTED FINANCIAL INFORMATION OF THE BANK

The selected financial information for the Bank, including the financial ratios and statistical data, set forth below as at, and for the years ended, 31 December 2016, 2015 and 2014 is derived from, should be read in conjunction with and is qualified in its entirety by reference to, the Financial Statements, which are included in this Prospectus and the information set forth under the captions "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Selected Statistical and Other Data" elsewhere in this Prospectus.

The financial information included in this Prospectus corresponding to: (i) the financial year ended and as at 31 December 2016 has been extracted from the 2016 Financial Statements; (ii) the financial year ended and as at 31 December 2015 has been extracted from the 2016 Financial Statements; and (iii) the financial year ended and as at 31 December 2014 has been extracted from the 2015 Financial Statements.

Selected Statement of Profit or Loss and Statement of Financial Position Data

The following tables set forth selected information from the Financial Statements.

STATEMENT OF PROFIT OR LOSS DATA

	For the year ended 31 December		
	2016	2015	2014
	(EGP millions)		
Continued operations			
Interest and similar income	19,144	14,765	11,530
Interest and similar expense	(9,127)	(6,651)	(5,256)
Net interest income	**10,017**	**8,114**	**6,273**
Fee and commission income	1,966	1,932	1,631
Fee and commission expense	(418)	(300)	(180)
Net fee and commission income	**1,548**	**1,632**	**1,451**
Dividend income	34	35	28
Net trading income	1,315	710	717
Profits (losses) on financial investments	(26)	271	(29)
Goodwill impairment	(217)	—	—
Administrative expenses	(3,119)	(2,562)	(2,113)
Other operating expenses	(1,234)	(566)	(731)
Impairment charge for credit losses	(893)	(1,682)	(589)
Bank's share in the profits of associates	3	28	25
Profit before income tax from continued operations	**7,429**	**5,980**	**5,030**
Current income tax expense	(2,017)	(1,950)	(1,815)
Deferred income tax	(77)	136	38
Net profit from continued operations	**5,335**	**4,167**	**3,254**
Discontinued operations			
Profit from discontinued operations (net of tax)	127	61	72
Net profit for the year	**5,462**	**4,228**	**3,326**
Attributable to:			
Non-controlling interest	14	1	2
Equity holders of the parent	5,448	4,227	3,324
Net Profit for the year	5,462	4,228	3,326
	(EGP)		
Earning per share			
Basic attributable to equity holders of the parent	4.72	3.69	2.90
Diluted attributable to equity holders of the parent	4.65	3.64	2.86

STATEMENT OF FINANCIAL POSITION DATA

	As at 31 December		
	2016	**2015**	**2014**
		(EGP millions)	
Assets			
Cash and balances with the Central Bank	10,522	9,849	7,502
Due from banks	58,011	21,002	9,522
Treasury bills and other governmental notes	39,177	22,130	30,549
Financial assets held for trading	2,445	5,848	3,763
Loans and advances to banks (net)	160	38	118
Loans and advances to customers (net)	85,224	56,798	48,686
Non-current assets held for sale	4,890	1,066	—
Derivative financial instruments	269	81	52
Financial investments			
Available for sale	5,447	46,289	27,702
Held to maturity	53,925	9,261	9,161
Investments in associates	37	160	182
Investment properties	—	—	884
Other assets	5,435	4,789	4,586
Goodwill	—	217	—
Intangible assets	651	651	—
Deferred tax assets	181	258	122
Property and equipment	1,325	1,097	1,002
Total assets	**267,700**	**179,536**	**143,830**
Liabilities and equity			
Liabilities			
Due to banks	3,009	1,601	1,131
Due to customers	231,741	155,234	121,975
Non-current liabilities held for sale	3,685	372	—
Derivative financial instruments	331	146	137
Other liabilities	4,269	3,164	3,402
Current tax liabilities	2,017	1,950	1,831
Long-term loans	160	131	243
Provisions	1,514	862	730
Total liabilities	**246,726**	**163,459**	**129,450**
Equity			
Issued and paid in capital	11,539	11,471	9,082
Reserves	3,449	149	1,906
Reserve for employee stock ownership plan (ESOP)	343	248	178
Retained earnings	5,510	4,161	3,165
Total equity attributable to equity holders of the parent	**20,841**	**16,029**	**14,331**
Non-controlling interest	133	47	49
Total equity	**20,974**	**16,076**	**14,380**
Total liabilities, equity and non-controlling interest	**267,700**	**179,536**	**143,830**

Selected Financial Information, Ratios and Operating Data

The following table sets forth selected financial information, related ratios and operating data for the Bank as at, and for the years ended, 31 December 2016, 2015 and 2014. The selected financial ratios and operating data set forth in the table have been derived from management reports, accounting records and the Financial Statements.

	As at and for the year ended 31 December		
	2016	2015	2014
	(EGP millions, except as indicated, all figures are unaudited)		
Profitability			
Return on average total assets (%)(1)(2)	2.71	2.95	2.94
Return on average equity (%)(1)(3)	34.24	33.46	31.31
Net interest spread (%)(1)(5)	5.16	5.33	5.26
Net interest margin (%)(1)(6)	5.47	5.74	5.41
Non-interest income/total income (%)(7)	11.47	20.35	18.92
Non-interest income/average total assets (%)(1)	0.58	1.28	1.14
Operating expenses/total income (%)	21.50	19.87	22.02
Operating expenses/average total assets (%)(1)	1.09	1.25	1.32
Taxes paid/profit before tax (%)(8)	28.00	27.98	32.61
Cost income ratio(9)	21.36	19.61	22.84
Asset Quality			
Contingent liabilities	68,609	31,008	25,310
Non-performing loans(10)	6,586	2,505	2,502
Provisions for loan losses	9,820	4,719	3,456
Provisions for loans and guarantees (net)/average total gross loans (%)(1)(11)	12.27	8.16	9.57
Provisions for loan losses/non-performing loans (%)(11)	149	188	138
Non-performing loans (net)/total gross loans (%)(11)	6.76	4.00	4.71
Non-performing loans (net)/total shareholder's equity (%)(11)	30.81	15.15	16.96
Capital Adequacy(12)			
Risk-weighted assets	150,097	95,620	83,671
Contingent liabilities	68,609	31,008	25,310
Net total regulatory capital(13)	16,121	15,355	14,031
Total capital adequacy ratio (%)(14)	10.74	16.06	16.77
Core capital adequacy ratio (%)(15)	12.90	15.01	15.70
Average shareholder's equity/average total assets (%)(1)	8.48	9.68	10.37
Liquidity			
Liquid assets (16)/total customer deposits (%)	47.53	37.90	42.09
Loans (net)/total assets (%)	31.91	31.66	33.94
Operating Data			
Employees (number)(17)	6,714	6,332	5,697
Branches (number)	168	159	135
Outlet (number)	24	28	26
On-line ATMs (number)	748	662	588
Total assets per employee(17)	39.8	28.3	25.2
Total assets per branch	1,593	1,129	1,065
Total customer deposits per branch	1,379	976	904
Year-on-year inflation rate (%)	23.3	11.1	10.1

Notes:

(1) Averages are calculated as the average of the opening and closing balances for each relevant period.

(2) Calculated by dividing net profit for the year by average total assets.

(3) Calculated by dividing net profit for the year by the sum of average total equity and net profit for the year.

(4) Calculated by dividing net profit for the year by average total equity.

(5) Net interest spread is calculated by subtracting the cost of funds *(i.e.,* interest expense divided by average interest-bearing liabilities) from loan yield (*i.e.,* interest income for the year divided by average interest-earning assets, excluding provisions for loan losses). Interest-earning assets are defined as comprising the total of debt securities, customer loans and amounts due from banks, including the CBE. Interest-bearing liabilities are defined as comprising the total of customer deposits and amounts due to banks, including the CBE.

(6) Calculated by dividing net interest income for the year by average interest-earning assets, excluding provisions for loan losses.

(7) Calculated by dividing non-interest income for the year by total income. Non-interest income includes net fee and commission income, profit (losses) on financial investments, dividend income, net trading income, and other operating income (expense). Total income includes net interest income and non-interest income.

(8) Calculated by dividing income tax expense and deferred tax by profit before income tax.

(9) Calculated by dividing administrative expenses by total income, excluding releases/(charges) of other provisions, and after deducting goodwill impairment.

(10) Non-performing loans are those loans classified as "sub-standard," "doubtful" and "bad" loans in accordance with credit risk classifications defined by the CBE. Non-performing loans do not include non-performing off-balance sheet credit exposures or allowable collateral reductions.

(11) Net provisions charged for non-performing loans. Provisions are calculated taking into consideration allowable collateral reductions. See "*Selected Statistical and Other Data—Analysis of Loans by Credit Quality*."

(12) The Bank is required to comply with the capital adequacy regulations of the CBE. There are certain differences between these requirements and the capital adequacy guidelines issued by the Basel Committee. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Bank—Capital Adequacy*" and "*The Banking Section in Egypt—Banking Supervision—Capital Adequacy*."

(13) Total regulatory capital consists of core (Tier 1) capital (share capital (net of treasury shares), reserves, and retained earnings net of total deductions from tier I capital common equity and goodwill) plus supplementary (Tier 2) capital (45% of special reserve, 45% of foreign currency translation differences, 45% of the increase in fair value over book value for available for sale and held to maturity investments, and impairment provision for loans and regular contingent liabilities).

(14) Calculated by dividing total regulatory capital by total risk-weighted assets and contingent liabilities.

(15) Calculated by dividing total qualifying tier 1 capital by total risk-weighted assets and contingent liabilities.

(16) Includes cash and balances with central bank (excluding CBE mandatory reserve), due from banks, treasury bills and other governmental notes, and trading financial assets.

(17) Based on the end-of-period employee numbers for the relevant period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis has been prepared by the Bank's Management based upon the Financial Statements, which are included in this Prospectus. The selected financial and operating data set forth below, which, subject to rounding, has been extracted without material adjustment from the Financial Statements, together with the related discussion and analysis, should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statements, as well as the information set forth under the captions "Selected Financial Information of the Bank" and "Selected Statistical and Other Data" included in this Prospectus. Unless otherwise indicated, all figures are expressed in or derived from amounts in Egyptian Pounds.

Introduction

The Bank is a full-service, Egyptian commercial bank, which (according to figures compiled by the Bank), as at 31 December 2016 was the most profitable Egyptian private sector bank by net income, the largest private sector bank in Egypt in terms of revenue and had the largest loan and deposit market share among all Egyptian private sector banks.

The Bank's core business is focused on corporate and consumer banking. The Bank provides a wide range of wholesale banking products and services to its corporate clients, financial institutions and Government entities. The Bank's corporate activities are extensive, cover most economic sectors in Egypt and include the financing of large-scale infrastructure and other projects and arranging syndicated loans. The Bank offers a wide range of consumer banking products and services, including personal loans, auto loans, deposit accounts, residential property finance, wealth management, insurance and credit and debit cards. As at 31 December 2016, the Bank had 948,594 customers, as compared to 710,195 customers as at 31 December 2015.

According to figures compiled by the Bank, as at 31 December 2016, the Bank's market share of deposits was 8.4%, its share of loans and advances was 7.6%, and its share of total banking sector assets was 6.7%.

As at 30 June 2017, the Bank had a network of 172 branches and 23 units located throughout Egypt, as well as a wide range of alternative distribution channels comprised of more than 807 ATMs, internet banking, 10,872 points-of-sale and a call centre.

In addition to traditional banking services, the Bank offers wealth management securitisation, direct investment and treasury services to its clients. The Bank also offers asset management, investment banking, brokerage, research, insurance, leasing, factoring and security services through its subsidiaries and associate companies.

Shares of the Bank were first listed on the Cairo and Alexandria Stock Exchange (since renamed the EGX) in February 1995, and Shares in the form of GDRs were first listed on the London Stock Exchange in July 1996. As at 31 December 2013, Actis CIB Mauritius Limited, an emerging markets private equity firm, managed by Actis LLP, owned 9.1% of the Bank's Shares. In March 2014, Actis CIB Mauritius Limited sold a portion of its interest in the Bank, representing 2.6% of the Bank's total Shares, to international investors. On 19 May 2014, Actis CIB Mauritius Limited sold its remaining 6.5% interest in the Bank to Fairfax Financial Holdings Ltd.

For the year ended 31 December 2016, the Bank's net profit was EGP 5,462 million, as compared to EGP 4,228 million for the year ended 31 December 2015 and EGP 3,326 million for the year ended 31 December 2014. As at 31 December 2016, the Bank's total assets were EGP 267,700 million, as compared to EGP 179,536 million as at 31 December 2015 and EGP 143,830 million as at 31 December 2014. As at 31 December 2016, the Bank's return on average assets was 2.71%, as compared to 2.95% as at 31 December 2015 and 2.94% as at 31 December 2014. As at 31 December 2016, the Bank's return on average common equity was 34.24%, as compared to 33.46% as at 31 December 2015 and 31.31% as at 31 December 2014.

Critical Accounting Policies

The Bank's accounting policies are integral to understanding the results of operations and financial condition presented in the Financial Statements and notes thereto. The Bank's significant accounting policies are described in Note 2 to the Financial Statements appearing elsewhere in this Prospectus. In addition, the preparation of the Financial Statements requires the Bank to make judgments, estimates and assumptions. See Note 4 to the Financial Statements. Estimates, judgments and assumptions are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and available information.

Key Factors Affecting the Bank's Results of Operations

The Bank's financial condition and results of operations are affected by numerous factors. The Bank's Management believes that the following set out below are of particular importance.

The Current Economic Environment

Almost all of the Bank's operations are conducted in, and its assets and customers are located in, Egypt. Consequently, the Bank's results of operations and financial condition are materially and significantly affected by Government policy and political and economic developments in, or affecting, Egypt. In particular, the general level of economic growth and inflation rates are critical factors affecting the Bank's performance. See "*The Arab Republic of Egypt*".

Since 2005, the CBE has taken active steps to modernise its monetary policy formulation and operations. Several institutional and operational changes have been initiated to facilitate monetary policy formulation and assessment and provide the foundations for formally adopting an inflation-targeting regime once certain conditions have been met. In addition, the CBE has been implementing the banking sector reform programme launched by the Government in September 2004. Improvements as a result of the programme have included the consolidation of the banking sector, the divesture of state-owned banks' stakes in joint venture banks, the strengthening of the capital base of Egyptian banks, the ongoing restructuring of the remaining state-owned banks, and the strengthening of the supervisory capacity of the CBE. See "*The Banking Sector in Egypt*".

Fluctuations in Interest Rates

Changes in interest rates affect the Bank's net interest income, net interest margin and overall results of operation. Interest rates are sensitive to many factors beyond the Bank's control, including the policies of central banks, such as the CBE, adverse domestic and international economic conditions and political factors.

The Bank is exposed to risks resulting from mismatches between the interest rates on its interest-bearing liabilities and interest-earning assets. To the extent that the Bank's assets may reprice more frequently than its liabilities, if interest rates fall, the Bank's interest expense will increase more rapidly than its interest income, which could negatively affect interest margins. The Bank has developed a number of interest rate management policies, which are strengthened by a system of limits and reporting requirements to control and monitor interest rate risk.

Although nearly all of the Bank's assets are match-funded within the risk appetite limits set by the Bank's Board of Directors, an increase in interest rates may generally raise the Bank's funding costs and may also increase interest income in the future, but overall demand for new loans may be reduced and the risk of customer defaults may increase.

Fluctuations in Exchange Rates

Fluctuations in exchange rates impact the Bank's financial condition and results of operations. The Bank maintains open currency positions, which give rise to exchange rate risk. The Bank's exposure to exchange rate risk may increase. A significant portion of the Bank's exposure to exchange rate risk also depends on numerous factors beyond its control, such as overall market trading activity, fluctuations in interest-rate levels and exchange rates, government actions (for example, in March 2016, the Egyptian Pound was devalued against the U.S. Dollar by 13%, representing the then-largest devaluation of the Egyptian Pound in more than ten years) and general market volatility. See "*Risk Factors—Risks Relating to Egypt—Value of the Egyptian Pound*".

Taxation

Income tax expense represents the sum of the current and deferred tax expense. The current tax expense is the expected tax payable on the taxable income for the year. Taxable profit differs from net profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's current tax expense is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date and includes any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the book value of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates applicable at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Descriptions of Principal Statement of Profit or Loss Items

Descriptions of the principal statement of profit or loss items are set forth below.

Interest and similar income

The Bank generates interest and similar income from loans and advances to customers, loans and advances to banks, from balances with banks and other financial institutions, including, *inter alia*, the CBE, and from investment securities, including, *inter alia*, treasury bills and bonds issued by the Government.

Fee and commission income

The Bank's fee and commission income from banking services is comprised principally of fees for the issuance of letters of credit, letters of guarantee and documents for collection, loan service charges, custody fees and fee income from retail activities, such as fees for cheque collections.

Dividend income

The Bank's dividends income is comprised principally of dividends paid by the Bank's subsidiary and associate companies of income from its available-for-sale equity securities, as well as its trading securities.

Net trading income

The Bank's net trading income is comprised principally of income from foreign exchange operations and interest and currency swap transactions and income from trading debt instruments.

Profits on Financial Investments

The Bank generates profits on financial investments from the sale of available-for-sale financial instruments and held-to-maturity debt instruments, the release (or impairment) of charges of available-for-sale equity instruments and the release (or impairment) of charges of associates.

Administrative expenses

The Bank's administrative expenses are comprised principally of staff costs, including wages and salaries, social insurance and other benefits, as well as other administrative expenses.

Other Operating (Expenses) Income

The Bank's other operating (expenses) income is comprised principally of profits from the revaluation of profits from non-trading assets and liabilities, other income or expenses and release (or charge) of other provisions, as well as profits from selling property, plant and equipment.

Goodwill Impairment

The Bank incurs goodwill impairment when the carrying value of the Bank's goodwill exceeds its fair value.

Intangible Assets Amortisation

The Bank's intangible assets are amortised at a rate of 20% starting from their acquisition date.

Impairment (Release) Charge for Credit Losses

The Bank's impairment charge or release for credit losses principally relate to impairment charges in respect of loans and advances to customers.

Results of Operations for the years ended 31 December 2016 and 2015

Net Interest Income

The following table sets forth the components of the Bank's net interest income, and the percentage changes therein, for the years indicated.

	For the year ended 31 December		
	2016	2015	change
	(EGP millions)		(%)
Interest and similar income			
Banks	*2,568*	*366*	601.1
Clients	*6,657*	*5,148*	29.3
Total	**9,225**	**5,514**	**67.3**
Treasury bills and bonds	9,794	9,155	7.0
Reverse repos	—	2	—
Financial investments in held-to-maturity and available for sale debt instruments	125	95	32.5
Total	**19,144**	**14,765**	**29.7**
Interest and similar expense			
Banks	*(116)*	*(80)*	44.8
Clients	*(9,011)*	*(6,562)*	37.3
Total	**(9,126)**	**(6,642)**	**37.4**
Financial instruments purchased with a commitment to re-sale (repos)	(0)	(8)	(98.0)
Finance expense related to a financial lease contract	(1)	(1)	(34.8)
Other	—	(1)	—
Total	**(9,127)**	**(6,651)**	**(37.2)**
Net interest income	**10,017**	**8,114**	**23.4**

Net interest income increased by EGP 1,903 million, or 23.4%, to EGP 10,017 million for the year ended 31 December 2016 from EGP 8,114 million for the year ended 31 December 2015. This increase was principally due to an EGP 2,202 million increase in interest received from banks, as well as an EGP 639 million, or 7.0%, increase in interest received from treasury bills and bonds issued by the Government. The Bank increased its holdings of treasury bills and other governmental notes issued by the Government (excluding repos) from EGP 81,750 billion as at 31 December 2015 to EGP 99,437 billion as at 31 December 2016. Management believes that the interest rates the Bank currently pays are generally similar to, or lower than, those of its competitors.

Net Income from Fees and Commissions

The following table sets forth the components of the Bank's net income from fees and commissions, and the percentage changes therein, for the years indicated.

	For the year ended 31 December		
	2016	2015	change
	(EGP millions)		(%)
Fee and commission income			
Fees and commissions related to credit	965	1,041	(7.3)
Custody fees	70	73	(4.5)
Other fees	930	818	13.8
Total	**1,965**	**1,932**	**1.7**
Fee and commission expense			
Other fees	(417)	(300)	39.3
Total	**(417)**	**(300)**	**39.3**
Net income from fees and commissions	**1,548**	**1,632**	**(5.2)**

Net income from fees and commissions decreased by EGP 84 million, or 5.2%, to EGP 1,548 million for the year ended 31 December 2016 from EGP 1,632 million for the year ended 31 December 2015. This decrease was principally due to an EGP 76 million, or 7.3%, decrease in fees and commissions related to credit, which was, in turn, due to a decrease in fees in 2016, including a 4.5% decrease in custody fees.

Dividend Income

The following table sets forth the components of the Bank's dividend, and the percentage changes therein, for the years indicated.

	For the year ended 31 December		
	2016	**2015**	**change**
	(EGP millions)		*(%)*
Trading securities	5	4	24.3
Available for sale securities	29	31	(5.8)
Total	**34**	**35**	**(2.4)**

Total dividend income decreased by EGP 1 million, or 2.4%, to EGP 34 million for the year ended 31 December 2016 from EGP 35 million for the year ended 31 December 2015. The decrease in total dividend income was principally due to an EGP 2 million, or 5.8%, decrease in dividend income from the Bank's available-for-sale securities. This decrease in dividend income from the Bank's available-for-sale securities was only partially offset by an EGP 1 million, or 24.3%, increase in dividend income form the Bank's trading securities.

Net Trading Income

The following table sets forth the components of the Bank's net trading income, and the percentage changes therein, for the years indicated.

	For the year ended 31 December		
	2016	**2015**	**change**
	(EGP millions)		*(%)*
Gain from foreign exchange	604	215	181.3
Forex gain from revaluations of trading assets and liabilities	—	0	—
Gain (Loss) from forward foreign exchange deals revaluation	13	3	342.2
Loss from interest rate swaps revaluation	(15)	(9)	62.9
Profit (Loss) from currency swap deals revaluation	38	8	396.3
Net gains on trading securities	675	494	36.6
Total	**1,315**	**710**	**85.1**

Net trading income increased by EGP 605 million, or 85.1%, to EGP 1,315 million for the year ended 31 December 2016 from EGP 710 million for the year ended 31 December 2015. This increase was principally due to an EGP 389 million, or 181.3%, increase in profit from foreign exchange, which was, in turn, due to market conditions in 2016, as well as an EGP 181 million, or 36.6%, increase in profit from trading in debt instruments, which was, in turn, due to a decrease in foreign currency available in the market.

Administrative Expenses

The following table sets forth the components of the Bank's administrative expenses, and the percentage changes therein, for the years indicated.

	For the year ended 31 December		
	2016	**2015**	**change**
	(EGP millions)		*(%)*
Staff costs			
Wages and salaries	*(1,002)*	*(860)*	*16.4*
Social insurance	*(51)*	*(55)*	*(7.8)*
Other benefits	*(728)*	*(571)*	*27.6*
Stock option	(187)	(133)	40.2
Depreciation	(288)	(198)	45.5
Maintenance	(258)	(206)	25.1
Premises and vehicles improvements and maintenance	(273)	(294)	(7.0)
Internship expense	(49)	(35)	40.5
Board meeting and directors' expense	(2)	(2)	2.1
Other administrative expenses	(281)	(207)	35.7
Total	**(3,119)**	**(2,562)**	**21.8**

The Bank's administrative expenses comprise staff costs (principally including wages and salaries, social insurance and other benefits) and other administrative expenses (principally including depreciation charges, premises costs, maintenance costs and loan stamp duty expenses). Total administrative expenses increased by EGP 557 million, or 21.8%, to EGP 3,119 million for the year ended 31 December 2016, from EGP 2,562 million for the year ended 31 December 2015. This increase was principally due to an EGP 142 million, or 16.5% increase in wages and salaries, and an EGP 74 million, or 35.7%, increase in other administrative expenses.

Other Operating (Expenses) Income

The following table sets forth the components of the Bank's other operating expenses, and the percentage changes therein, for the years indicated.

	For the year ended 31 December		
	2016	**2015**	**change**
	(EGP millions)		*(%)*
Forex (losses) gains for non-trading assets and liabilities revaluation	(683)	42	—
Gains from selling property, plant and equipment	2	1	198.2
Charges of provisions	(72)	(135)	(46.5)
Care service and cash transaction expense	(84)	(52)	60.5
Regulatory expense	(233)	(184)	26.8
Consultants	(38)	(32)	18.8
IT communications	(86)	(118)	(27.3)
Utilities	(50)	(48)	4.3
Other income (expenses)	10	(40)	—
Total	**(1,234)**	**(566)**	**117.8**

Total other operating expenses increased by EGP 667 million to EGP 1,234 million for the year ended 31 December 2016 from EGP 566 million for the year ended 31 December 2015. This increase was principally due to an EGP 725 million increase in losses for non-trading assets revaluation. The increase in other operating expenses was partially offset by an EGP 63 million, or 46.5%, decrease in losses from charges of provisions.

Impairment Charge for Credit Losses

The following table sets forth the components of the Bank's impairment charge for credit losses, and the percentage changes therein, for the years indicated.

	For the year ended 31 December		
	2016	2015	change
	(EGP millions)		*(%)*
Loans and advances to customers	(893)	(1,682)	(46.9)
Total	**(893)**	**(1,682)**	**(46.9)**

The Bank's impairment charge for credit losses decreased by EGP 789 million, or 46.9%, to EGP 893 million for the year ended 31 December 2016 from EGP 1,682 million for the year ended 31 December 2015, as a result of the corresponding decrease in impairment charges recorded on loans and advances to customers, which was, in turn, principally due to slower loan growth in 2016.

Adjustments to Calculate the Effective Tax Rate

The following table sets forth information about the Bank's effective tax rate, for the years indicated.

	For the year ended 31 December		
	2016	2015	%change
	(EGP millions, except where indicated)		*(%)*
Profit before tax	7,587	6,051	25.4
Tax rate (%)	*22.5*	*22.5*	*0.0*
Income tax based on accounting profit	1,707	1,362	25.4
Add (Deduct)			
Non-deductible expenses	1,080	382	182.7
Tax exemptions	(127)	(103)	23.2
Effect of provisions	(584)	186	—
Depreciation	43	(7)	—
10% withholding tax	6	5	32.8
Income tax / Deferred tax	**2,125**	**1,824**	**16.5**
Effective tax rate (%)	*28.00*	*30.14*	*(7.10)*

The Bank paid EGP 2,125 million in income taxes for the year ended 31 December 2016, as compared to EGP 1,824 million for the year ended 31 December 2015, an increase of EGP 301 million, or 16.5%. This increase in income taxes was due to the improved profitability of the Bank in the year ended 31 December 2016.

Net Profit

The following table sets forth the components of the Bank's net profit, and the percentage changes therein, for the years indicated.

	For the year ended 31 December		
	2016	2015	change
	(EGP millions)		*(%)*
Net interest income	10,017	8,114	23.4
Net fees and commission income	1,548	1,632	(5.2)
Net operating income	**11,566**	**9,747**	18.7
Dividend income	34	35	(2.4)
Net trading income	1,315	710	85.1
Profits (Losses) on financial investments	(26)	271	—
Goodwill impairment	(217)	—	—
Administrative expenses	(3,119)	(2,562)	21.8
Other operating expenses	(1,234)	(566)	117.8
Impairment charge for credit losses	(893)	(1,682)	(46.9)
Bank's share in the profits of associates	3	28	(89.3)

Profit before income tax	**7,429**	**5,980**	**24.2**
Income tax expense	(2,017)	(1,950)	3.5
Deferred tax	(77)	136	—
Net profit from continued operations	**5,335**	**4,167**	**28.1**
Profit from discontinuing operations (net of tax)	**127**	**61**	**108.4**
Net profit for the year	**5,462**	**4,228**	**29.2**

For the aforementioned reasons, the Bank's profit before income tax was EGP 7,429 million for the year ended 31 December 2016, as compared to EGP 5,980 million for the year ended 31 December 2015, an increase of EGP 1,449 million, or 24.2%. The Bank's net profit for the year was EGP 5,462 million in the year ended 31 December 2016, as compared to EGP 4,228 million in the year ended 31 December 2015, an increase of EGP 1,234 million, or 29.2%.

Results of Operations for the years ended 31 December 2015 and 2014

Net Interest Income

The following table sets forth the components of the Bank's net interest income, and the percentage changes therein, for the years indicated.

	For the year ended 31 December		
	2015	**2014**	**change**
	(EGP millions)		*(%)*
Interest and similar income			
Banks	*366*	*216*	*69.4*
Clients	*5,148*	*4,327*	*19.0*
Total	**5,514**	**4,543**	**21.4**
Treasury bills and bonds	9,155	6,857	33.5
Reverse repos	2	6	(63.8)
Financial investments in held-to-maturity and available for sale debt instruments	95	124	(23.5)
Total	**14,765**	**11,530**	**28.1**
Interest and similar expense			
Banks	*(80)*	*(78)*	*2.5*
Clients	*(6,562)*	*(5,174)*	*26.8*
Total	**(6,641)**	**(5,252)**	**26.5**
Financial instruments purchased with a commitment to re-sale (repos)	(8)	—	—
Finance expense related to financial lease contract	(1)	(2)	(57.8)
Other	(1)	(2)	(60.0)
Total	**(6,651)**	**(5,256)**	**26.5**
Net interest income	**8,114**	**6,273**	**29.3**

Net interest income increased by EGP 1,841 million, or 29.3%, to EGP 8,114 million for the year ended 31 December 2015 from EGP 6,273 million for the year ended 31 December 2014. This increase was principally due to an EGP 2,298 million, or 33.5%, increase in interest received from treasury bills and bonds. The Bank increased its holdings of treasury bills and bonds (excluding repos) from EGP 70,399 million as at 31 December 2014 to EGP 81,750 million as at 31 December 2015, while its holdings of repos decreased from EGP 77 million as at 31 December 2014 to EGP 0 million as at 31 December 2015. The increase in interest received from treasury bonds and bills issued by the Government was partially offset by an EGP 1,367 million increase in interest expense due to clients, as compared to the previous year. Management believes that the interest rates the Bank currently pays are generally similar to, or lower than, those of its competitors.

Net Income from Fees and Commissions

The following table sets forth the components of the Bank's net income from fees and commissions, and the percentage changes therein, for the years indicated.

	For the year ended 31 December		
	2015	**2014**	**change**
	(EGP millions)		*(%)*
Fee and commission income			
Fees and commissions related to credit	1,041	933	11.6
Custody fees	73	57	28.5
Other fees	818	641	27.5
Total	**1,932**	**1,631**	**18.5**
Fee and commission expense			
Other fees paid	(300)	(180)	66.4
Total	**(300)**	**(180)**	**66.4**
Net income from fees and commissions	**1,632**	**1,451**	**12.5**

Net income from fees and commissions increased by EGP 181 million, or 12.5%, to EGP 1,632 million for the year ended 31 December 2015 from EGP 1,451 million for the year ended 31 December 2014. This increase was principally due to an EGP 177 million, or 27.6%, increase in other fees, which comprised fees of the Bank's subsidiaries, correspondent fees, credit and debit card fees, recovery fees, operational fees and fund fees, which was, in turn, due to an increase in loan fees and trading and investment-related income. The increase in net income from fees and commissions was also due to an EGP 108 million, or 11.6%, increase in fees and commissions related to credit, which was, in turn, due to an increase in local currency loans, which was, in turn, a result of improved market conditions.

Dividend Income

The following table sets forth the components of the Bank's dividend, and the percentage changes therein, for the years indicated.

	For the year ended 31 December		
	2015	**2014**	**change**
	(EGP millions)		*(%)*
Trading securities	4	—	—
Available for sale securities	31	28	10.7
Total	**35**	**28**	**25.0**

Total dividend income increased by EGP 7 million, or 25.0%, to EGP 35 million for the year ended 31 December 2015 from EGP 28 million for the year ended 31 December 2014. This increase was principally due to an EGP 4 million, or 10.7%, increase in dividend income from the Bank's available for sale securities as a result of the trend of paying dividends rather than preserving cash during less uncertain economic conditions.

Net Trading Income

The following table sets forth the components of the Bank's net trading income, and the percentage changes therein, for the years indicated.

	For the year ended 31 December		
	2015	2014	change
	(EGP millions)		*(%)*
Gain from foreign exchange	215	259	(17.1)
Forex gain from revaluations of trading assets and liabilities in foreign currencies	0	2	(95.9)
Gain (Loss) from forward foreign exchange deals revaluation	3	(6)	(146.7)
Loss from interest rate swaps revaluation	(9)	(1)	620.7
Profit (Loss) from currency swap deals revaluation	8	(38)	—
Net gains on trading securities	494	501	(1.4)
Total	**710**	**717**	**(0.9)**

Net trading income decreased by EGP 6 million, or 0.9%, to EGP 710 million for the year ended 31 December 2015 from EGP 717 million for the year ended 31 December 2014. This decrease was principally due to an EGP 44.0 million, or 17.1%, decrease in income from foreign exchange as a result of reduced availability of foreign currencies in the market. This decrease was partially offset by the EGP 46 million increase in profits from the revaluation of currency swaps, from a loss of EGP 38 million for the year ended 31 December 2014 to a profit of EGP 8 million for the year ended 31 December 2015, which was, in turn, principally due to improved market conditions.

Administrative Expenses

The following table sets forth the components of the Bank's administrative expenses, and the percentage changes therein, for the periods indicated.

	For the year ended 31 December		
	2015	2014	change
	(EGP millions)		*(%)*
Staff costs			
Wages and salaries	(860)	(679)	26.7
Social insurance	(55)	(45)	22.2
Other benefits	(571)	(458)	24.7
Stock option	(133)	(100)	33.0
Depreciation	(198)	(232)	(14.7)
Maintenance	(206)	(176)	17.0
Premises and vehicles improvements and maintenance	(294)	(231)	27.3
Internship expense	(35)	(31)	14.1
Board meeting and directors' expense	(2)	(2)	20.7
Other administrative expenses	(207)	(162)	28.6
Total	**(2,562)**	**(2,113)**	**21.2**

Total administrative expenses increased by EGP 448 million, or 21.2%, to EGP 2,562 million for the year ended 31 December 2015 from EGP 2,113 million for the year ended 31 December 2014. This increase was principally due to an EGP 181 million, or 26.7%, increase in wages and salaries as a result of the hiring of 635 new employees in 2015. Other administrative expenses also increased by EGP 45 million, principally due to an overall increase in expenses.

Other Operating (Expenses) Income

The following table sets forth the components of the Bank's other operating expenses, and the percentage changes therein, for the years indicated.

	For the year ended 31 December		
	2015	2014	change
	(EGP millions)		*(%)*
Forex gains from non-trading assets and liabilities revaluation	42	3	1,300.0
Gains from selling property, plant and equipment	1	2	(50.0)
Charges of other provisions	(135)	(282)	(52.1)
Care service and cash transaction expense	(52)	(57)	(8.8)
Regulatory expense	(184)	(194)	(5.2)
Consultants	(32)	(8)	300.0
IT communications	(118)	(107)	10.2
Utilities	(48)	(85)	(43.5)
Other expenses	(40)	(4)	900.0
Total	**(566)**	**(731)**	**(22.6)**

Total other operating expenses decreased by EGP 165 million, or 22.6%, to EGP 566 million for the year ended 31 December 2015 from EGP 731 million for the year ended 31 December 2014. This decrease was principally due to an EGP 135 million charge of other provisions in 2015, as compared to a charge of EGP 282 million in 2014. This was also driven by the recognition of EGP 42 million in profits from non-trading assets and liabilities revaluation, as compared to a recognition of EGP 3 million in 2014.

Impairment (Charge) Release for Credit Losses

The following table sets forth the components of the Bank's impairment charge for credit losses, and the percentage changes therein, for the years indicated.

	For the year ended 31 December		
	2015	2014	change
	(EGP millions)		*(%)*
Loans and advances to customers	(1,682)	(589)	185.7
Total	**(1,682)**	**(589)**	**185.7**

The Bank's impairment charge for credit losses increased by EGP 1,093 million, or 185.7%, to EGP 1,682 million for the year ended 31 December 2015 from EGP 589 million for the year ended 31 December 2014, as a result of the corresponding increase in impairment charges recorded on loans and advances to customers, which was, in turn, principally due to declining oil prices and declining economic growth.

Adjustments to Calculate the Effective Tax Rate

The following table sets forth information about the Bank's effective tax rate, for the years indicated.

	For the year ended 31 December		
	2015	2014	%change
	(EGP millions, except where indicated)		*(%)*
Profit after settlement	6,051	5,119	18.2
Tax rate (%)	*22.5*	*25.0-30.0*	—
Income tax based on accounting profit	1,362	1,536	(11.3)
Add / Deduct			
Non-deductible expenses	382	152	150.9
Tax exemptions	(103)	(56)	85.9
Effect of provisions	186	166	11.9
Depreciation	(7)	(5)	33.2
10% withholding tax	5	—	—
Income tax / Deferred tax	**1,824**	**1,793**	**1.8**
***Effective tax rate** (%)*	*30.14*	*35.03*	*(14.0)*

The Bank paid EGP 1,824 million in income taxes for the year ended 31 December 2015, as compared to EGP 1,793 million for the year ended 31 December 2014, an increase of EGP 31 million, or 1.7%. This increase in income taxes was due to the improved profitability of the Bank in the year ended 31 December 2015 and an EGP 230 million, or 150.9%, increase in non-deductible expenses for the year ended 31 December 2015, which was, in turn, due to non-refundable withholding tax on treasury bills and bonds amounting to EGP 219 million.

Net Profit

The following table sets forth the components of the Bank's net profit, and the percentage changes therein, for the years indicated.

	For the year ended 31 December		
	2015	**2014**	**change**
	(EGP millions)		*(%)*
Net interest income	8,114	6,273	29.3
Net fees and commission income	1,632	1,451	12.5
Net operating income	**9,747**	**7,724**	**26.2**
Dividend income	35	28	27.5
Net trading income	710	717	(1.0)
Profits (Losses) on financial investments	271	(29)	-
Administrative expenses	(2,562)	(2,113)	21.2
Other operating expenses	(566)	(731)	(22.6)
Impairment charge for credit losses	(1,682)	(589)	185.6
Bank's share in the profits of associates	28	25	13.5
Profit before income tax	**5,980**	**5,030**	**18.9**
Income tax expense	(1,950)	(1,815)	7.4
Deferred tax	136	38	254.7
Net profit from continued operations	**4,167**	**3,254**	**28.1**
Profit from discontinuing operations (net of tax)	**61**	**72**	**(15.4)**
Net profit for the year	**4,228**	**3,326**	**27.1**

For the aforementioned reasons, the Bank's net profit before tax was EGP 5,980 million in the year ended 31 December 2015, as compared to EGP 5,030 million in the year ended 31 December 2014, an increase of EGP 950 million, or 18.9%. The Bank's net profit after tax was EGP 4,228 million in the year ended 31 December 2015, as compared to EGP 3,326 million in the year ended 31 December 2014, an increase of EGP 902 million, or 27.1%.

Financial Position and Liquidity

Total Assets

According to figures compiled by the Bank's management, the Bank is the largest Egyptian private bank in terms of total assets and has experienced growth in its balance sheet in recent periods.

As at 31 December 2016

Cash and balances with the CBE increased by EGP 673 million, or 6.8%, to EGP 10,522 million as at 31 December 2016, as compared to EGP 9,849 million as at 31 December 2015. Cash and balances held at the CBE are non-interest bearing. Cash and balances with the CBE represented 3.9% of the Bank's total assets as at 31 December 2016 and 5.5% as at 31 December 2015.

The Bank increased its amounts due from banks during the period by EGP 37,009 million, or 176.2%, to EGP 58,011 million as at 31 December 2016, as compared to EGP 21,002 million as at 31 December 2015, principally as a result of the Bank's increase of its exposure to non-Egyptian banks by EGP 16,742 million during the period. Amounts due from banks represented 21.7% of the Bank's total assets as at 31 December 2016 and 11.7% as at 31 December 2015.

The Bank's holdings of treasury bills and other government notes increased by EGP 17,047 million, or 77.0%, during the period to EGP 39,177 million as at 31 December 2016 from EGP 22,130 million as at 31 December 2015. Treasury bills and other government notes represented 14.6% of the Bank's total assets as at 31 December 2016 and 12.3% as at 31 December 2015.

In the year ended 31 December 2016, net loans and advances to banks and customers increased by EGP 28,548 million, or 50.2%, to EGP 85,384 million as at 31 December 2016, as compared to EGP 56,836 million as at 31 December 2015. Loans and advances to customers and banks represented 31.9% of the Bank's total assets as at 31 December 2016 and 31.7% as at 31 December 2015.

The Bank increased its investments held to maturity and investments available for sale, by EGP 3,822 million, or 6.9%, to EGP 59,372 million as at 31 December 2016, as compared to EGP 55,550 million as at 31 December 2015. The increase in held-to-maturity investments is largely due to the Bank's strategy to maintain conservative capital adequacy levels. These investments represented 22.2% of the Bank's total assets as at 31 December 2016 and 30.9% as at 31 December 2015.

As a result of the foregoing, total assets increased by EGP 88,164 million, or 49.1%, to EGP 267,700 million as at 31 December 2016, as compared to EGP 179,536 million as at 31 December 2015.

As at 31 December 2015

Cash and balances with the CBE increased by EGP 2,347 million, or 31.3%, to EGP 9,849 million as at 31 December 2015, as compared to EGP 7,502 million as at 31 December 2014. Cash and balances with the CBE represented 5.5% of the Bank's total assets as at 31 December 2015 and 5.2% as at 31 December 2014.

The Bank increased its amounts due from banks during the period by EGP 11,480 million, or 120.6%, to EGP 21,002 million as at 31 December 2015 as compared to EGP 9,522 million as at 31 December 2014, principally as a result of increases in deposits, other than legal reserve, with the CBE. Amounts due from banks represented 11.7% of the Bank's total assets as at 31 December 2015 and 6.6% as at 31 December 2014.

The Bank's holdings of treasury bills and other government notes decreased by EGP 8,419 million, or 27.6%, during the period, to EGP 22,130 million as at 31 December 2015 from EGP 30,549 million as at 31 December 2014. Treasury bills and other government notes represented 12.3% of the Bank's total assets as at 31 December 2015 and 21.2% as at 31 December 2014.

In the year ended 31 December 2015, loans and advances to banks and customers increased by EGP 8,032 million, or 16.5%, to EGP 56,836 million as at 31 December 2015, as compared to EGP 48,804 million as at 31 December 2014. Loans to customers and banks represented 31.7% of the Bank's total assets as at 31 December 2015 and 33.9% as at 31 December 2014.

The Bank increased its investments held to maturity and investments available for sale, by EGP 18,687 million, or 50.7%, to EGP 55,550 million as at 31 December 2015, as compared to EGP 36,863 million as at 31 December 2014. This increase is largely due to the Bank's strategy to maintain conservative capital adequacy levels. These investments represented 30.9% of the Bank's total assets as at 31 December 2015 and 25.6% as at 31 December 2014.

As a result of the foregoing, total assets increased by EGP 35,706 million, or 24.8%, to EGP 179,536 million as at 31 December 2015, as compared to EGP 143,830 million as at 31 December 2014.

Total Liabilities

As at 31 December 2016

Total liabilities increased by EGP 83,266 million, or 50.9%, to EGP 246,726 million as at 31 December 2016, as compared to EGP 163,459 million as at 31 December 2015. See "*Selected Statistical and Other Data*".

As at 31 December 2015

Total liabilities increased by EGP 34,010 million, or 26.3%, to EGP 163,459 million as at 31 December 2015, as compared to EGP 129,450 million as at 31 December 2014. See "*Selected Statistical and Other Data*".

Liquidity

The Bank's treasury department, which is supervised by the Bank's risk management division and reports directly to the Bank's assets and liability committee ("**ALCO**"), is responsible for the management of the Bank's liquidity. The CBE imposes statutory minimum liquidity ratios of 20.0% in local currency and 25.0% in foreign currency. As at 31 December 2016, the Bank's liquidity ratios, calculated in accordance with CBE guidelines, were above both the minimum levels set by the CBE and the Bank's internal rules.

As at 31 December 2016, the Egyptian Pound liquidity ratio of the Bank was 60.77%, as compared to 67.25%, as at 31 December 2015. This decline was principally due to an increase in short term CBE deposits. See "*Selected Statistical and Other Data—Deposits and Other Funding Sources*". As at 31 December 2016, the foreign currency liquidity ratio of the Bank was 47.80%, as compared to 41.49%, as at 31 December 2015, principally due to the Bank's policy of investing excess foreign currency liquidity in short term interbank placings

The following table sets forth the overall liquidity ratios of the Bank as at the dates indicated.

	As at 31 December		
	2016	**2015**	**2014**
		(%)	
Liquid assets[(1)]/total assets	41.2%	32.8%	35.7%
Customer deposits/total deposits	98.7%	99.0%	99.1%
Net loans/customer deposits	36.8%	36.6%	40.0%
Net loans/total assets	31.9%	31.7%	34.0%

Note:

(1) Liquid assets as defined in accordance with CBE regulations for the definition of local and foreign currency liquid assets (Local currency assets include: cash, CBE reserves over the required 10%, dividends and purchased commercial papers, treasury-bills, traded Government notes, financial instruments issued by the Egyptian Mortgage Refinance Company, 3 month discounted bills, and net amounts due from local banks. Foreign currency assets include: cash and gold, total CBE foreign currency reserve, dividends and purchased commercial papers, treasury-bills and Eurobonds, 3 month discounted bills, net amounts due from local banks and amounts due from foreign banks.

Capital Adequacy

As at 31 December 2016, the Bank's authorised capital was EGP 20,000 million and the Bank's issued capital was EGP 11,538 million, consisting of 1,153,866,000 Shares, each with a nominal value of EGP 10, all of which are fully paid. As provided for in its Articles of Association, the Bank retains 5% of its net profit for each year in a legal reserve and will continue to do so until the level of this reserve reaches an amount equivalent to 50% of the Bank's issued share capital. As at 31 December 2016, and before appropriation, the legal reserve amounted to EGP 1,035 million, or 8.9% of the Bank's issued share capital, whereas after appropriation, the legal reserve amounted to EGP 1,333 million, or 11.6% of the Bank's issued share capital.

The Bank's management monitors its capital adequacy and use of regulatory capital on a daily basis using techniques based on the guidelines developed by the Basel Committee, as implemented by the banking supervision unit of the CBE. The Bank reports to the CBE on a quarterly basis.

The following table sets forth an analysis of the Bank's capital adequacy ratios as the dates indicated.

	As at 31 December		
	2016	2015[1]	2014[2]
	(EGP millions, except %)		
Tier 1 Capital			
Share capital (net of the treasury shares)	11,539	11,471	9,082
Goodwill	(23)	(210)	—
Reserves	5,756	5,756	4,740
Retained earnings (losses)	31	—	(61)
Total deductions from tier 1 capital common equity	(2,793)	(2,666)	(625)
Total qualifying tier 1 capital	**14,510**	**14,351**	**13,136**
Tier 2 Capital			
45% of special reserve	0	0	0
45% of foreign currencies translation	4	—	—
45% of the Increase in fair value than the book value for available for sale and held to maturity investments	—	14	16
Impairment provision for loans and regular contingent liabilities	1,607	991	880
Total qualifying tier 2 capital	**1,611**	**1,005**	**896**
Total capital (1 + 2)	**16,121**	**15,355**	**14,031**
Risk weighted assets and contingent liabilities			
Total credit risk	128,699	79,363	70,427
Total market risk	6,702	4,031	3,180
Total operational risk	14,697	12,226	10,065
Total	**150,097**	**95,620**	**83,671**
Capital adequacy ratio *(%)*[3]	**10.74%**	**16.06%**	**16.77%**

Notes:
(1) The figures as at 31 December 2015 have been restated in order to reflect profit distribution for the year ended 31 December 2015.
(2) The figures as at 31 December 2014 have been restated in order to reflect the profit distribution for the year ended 31 December 2014.
(3) Based on consolidated financial statement figures .

Return on Average Assets and Return on Average Equity

The Bank realised a return on average assets of 2.71% for the year ended 31 December 2016, as compared to 2.95% for the year ended 31 December 2015 and 2.94% for the year ended 31 December 2014. The reduced return on average assets in 2016 was due to an increase in total assets of 49%, as compared to an increase in net income of 27%.

The Bank's return on average equity was 34.24% for the year ended 31 December 2016, as compared to 33.46% for the year ended 31 December 2015 and 31.31% for the year ended 31 December 2014. The improved return on average equity in 2016 was due to a 27% increase in net income.

Cash Flows

The following table sets forth certain information regarding the principal items of the statement of cash flows for the periods indicated:

	For the year ended 31 December			change between the years ended 31 December	
	2016	2015	2014	2015 and 2016	2014 and 2015
	(EGP millions)			(%)	
Net cash provided from operating activities	41,645	18,751	16,029	122.1	17.0
Net cash used in investing activities	(2,026)	(19,263)	(10,249)	(89.5)	88.0
Net cash used in financing activities	(1,379)	(1,593)	(798)	(13.4)	99.6

Net Cash Provided from Operating Activities

For the year ended 31 December 2016, net cash provided from operating activities was EGP 41,645 million, as compared to EGP 18,751 million for the year ended 31 December 2015, reflecting an increase of EGP 22,894 million, or 122.1%. This increase was primarily attributable to an increase in amounts due to customers.

For the year ended 31 December 2015, net cash provided from operating activities were EGP 18,751 million, as compared to EGP 16,029 million for the year ended 31 December 2014, reflecting an increase of EGP 2,722 million, or 17.0%. This increase was primarily attributable to an increase in amounts due to customers.

Net Cash used in Investing Activities

For the year ended 31 December 2016, net cash used in investing activities were EGP 2,026 million, as compared to EGP 19,263 million for the year ended 31 December 2015, reflecting a decrease of EGP 17,237 million, or 89.5%. This decrease was primarily attributable to a decrease in proceeds from the sale of available-for-sale investments.

For the year ended 31 December 2015, net cash flows used in investing activities were EGP 19,263 million, as compared to EGP 10,249 million for the year ended 31 December 2014, reflecting an increase of EGP 9,014 million, or 88.0%. This increase was primarily attributable to an increase in proceeds from the sale of available-for-sale investments.

Net Cash used in Financing Activities

For the year ended 31 December 2016, net cash used in financing activities were EGP 1,379 million, as compared to EGP 1,593 million for the year ended 31 December 2015, reflecting a decrease of EGP 214 million, or 13.4% This decrease was primarily attributable to a decrease in dividends paid by the Bank.

For the year ended 31 December 2015, net cash flows used in financing activities were EGP 1,593 million, as compared to EGP 798 million for the year ended 31 December 2014, reflecting an increase of EGP 795 million, or 99.6%. This increase was primarily attributable to an increase in dividends paid by the Bank.

SELECTED STATISTICAL AND OTHER DATA

The selected statistical information and other data set forth below have been extracted, subject to rounding, without material adjustment from the Financial Statements, which are included elsewhere in this Prospectus, and from management reports and accounting records. The selected statistical information and other data set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statements, as well as the information set forth under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this Prospectus.

All average balances are calculated as the average of daily balances. Were a different method of calculating averages to be used, such as using averages of quarterly balances, the averages so determined may be materially different from those set forth in this Prospectus.

Average Balance Sheet and Interest Rates

The following table sets forth the average balances of the Bank's interest-earning assets and interest-bearing liabilities, together with weighted average rates and the corresponding amount of interest income (expense) for the periods indicated.

	For the year ended 31 December[1]								
	2016			2015			2014		
	Average balance[2]	Average interest rate[3]	Interest income / (expense)	Average balance[2]	Average interest rate[3]	Interest income / (expense)	Average balance[2]	Average interest rate[3]	Interest income / (expense)
	(EGP millions)	*(%)*	*(EGP millions)*	*(EGP millions)*	*(%)*	*(EGP millions)*	*(EGP millions)*	*(%)*	*(EGP millions)*
Interest-earning assets									
Cash and balances with Central Bank	10,185	0%	0	8,676	0%	0	6,149	0%	0
Due from banks	34,820	7.0%	2,434	12,103	2.3%	274	12,064	1.2%	145
Treasury bills and other governmental notes	21,840	9.7%	2,118	28,901	9.9%	2,858	22,321	10.1%	2,255
Trading financial assets	3,742	15.0%	562	5,433	13.7%	747	3,441	15.9%	546
Net loans and advances	75,568	9.0%	6,808	62,162	8.4%	5,205	52,287	8.5%	4,434
Financial investments available-for-sale	27,948	14.6%	4,087	36,665	13.9%	5,089	25,559	14.6%	3,722
Financial investments held-to-maturity	25,512	14.1%	3,589	9,292	12.9%	1,203	8,456	10.4%	880
Total interest-earning assets	**199,616**	**9.8%**	**19,598**	**163,233**	**9.4%**	**15,376**	**130,278**	**9.2%**	**11,982**
Interest-bearing liabilities									
Due to banks	323	6.2%	20	809	5.0%	41	939	2.3%	21
Due to customers	177,420	5.2%	9,236	144,429	4.5%	6,557	110,198	4.7%	5,191
Long-term loans	416	1.2%	5	191	3.7%	7	3,143	2.0%	62
Total interest-bearing liabilities	**178,158**	**5.2%**	**9,261**	**145,429**	**4.5%**	**6,605**	**114,280**	**4.6%**	**5,274**

Notes:
(1) Unaudited.
(2) Average balances are calculated on as the arithmetic average of the daily balances for the relevant period.
(3) Average interest rates are calculated as the ratio of interest income/expense to the average balance for the relevant period.

The average interest rate on interest-earning assets increased to 9.8% for the year ended 31 December 2016, as compared to 9.4% for the year ended 31 December 2015 and 9.2% for the year ended 31 December 2014. The increase in the average interest rate on interest-earning assets in 2016, as compared to 2015, was primarily due to an increase in the CBE's corridor interest rates. The increase in the average interest rate on interest-earning assets in 2015, as compared to 2014, was primarily due to a shift in the Bank's asset composition away from bills to available-for-sale bonds with a higher yield.

The average interest rate on interest-bearing liabilities increased to 5.2% for the year ended 31 December 2016, as compared to 4.5% for the year ended 31 December 2015, after having decreased from 4.6% for the year ended 31 December 2014. The increase in the average interest rate on interest-bearing liabilities in 2016, as compared to 2015, was primarily due to an increase in deposit rates following the increase in the CBE's corridor interest rates.

Loan Portfolio

Total net loans and advances to customers increased by EGP 28,427 million, or 50.0%, to EGP 85,224 million as at 31 December 2016 from EGP 56,798 million as at 31 December 2015, after having increased by EGP 8,112 million, or 16.7%, from EGP 48,686 million as at 31 December 2014. The increase in the Bank's loan portfolio in 2016 was primarily due to increases in direct loans to corporate customers. The increase in the Bank's loan portfolio in 2015 was primarily due to an increase in direct loans and syndicated loans to corporate customers and personal loans to individual customers.

Loans by Customer and Type of Loan

The following table sets forth an analysis of the Bank's gross loan portfolio, by customer and type of loan, as at the dates indicated.

	As at 31 December					
	2016		**2015**		**2014**	
	(EGP millions)	*(%)*	*(EGP millions)*	*(%)*	*(EGP millions)*	*(%)*
Individual						
Overdraft	1,902	12.4	1,583	13.2	1,438	16.9
Credit cards	2,423	15.7	2,001	16.7	1,010	11.8
Personal loans	10,745	69.8	8,074	67.4	5,729	67.2
Real Estate loans	307	2.0	299	2.5	325	3.8
Other loans	21	0.1	21	0.2	21	0.2
Total gross individual loans	**15,398**	**100.0**	**11,978**	**100.0**	**8,523**	**100.0**
Corporate						
Overdraft	12,453	15.2	8,561	16.9	6,599	14.8
Direct loans	44,504	54.3	27,812	55.0	25,008	56.2
Syndicated loans	24,841	30.3	14,089	27.9	12,645	28.4
Other loans	110	0.1	84	0.2	216	0.5
Total gross corporate loans	**81,907**	**100.0**	**50,546**	**100.0**	**44,469**	**100.0**
Total gross loans and advances to customers	**97,306**	**100.0**	**62,524**	**100.0**	**52,992**	**100.0**

As at 31 December 2016, 84.2% of total gross loans and advances to customers were granted to corporate customers and 15.8% of total gross loans and advances to individual customers, as compared to 80.8% of total gross loans and advances to customers granted to corporate customers and 19.2% of total gross loans and advances to customers granted to individual customers as at 31 December 2015 and 83.9% of total gross loans and advances to customers granted to corporate customers and 16.1% of total gross loans and advances to customers granted by the Bank to individual customers as at 31 December 2014.

Total gross loans and advances to corporate customers increased by EGP 31,361 million, or 62.0%, to EGP 81,907 million as at 31 December 2016 from EGP 50,564 million as at 31 December 2015, after having increased by EGP 6,077 million, or 13.7%, from EGP 44,469 million as at 31 December 2014. The increase in the Bank's corporate loan portfolio in 2016 was primarily due to an EGP 16,692 million, or 60.0%, increase in direct loans to corporate customers as a result of the revaluation of the Bank's foreign currency book following the free float of the Egyptian Pound introduced in November 2016. The increase in the Bank's corporate loan portfolio in 2015 was primarily due to an EGP 2,803 million increase in direct loans granted by the Bank, principally due to an increase in infrastructure and construction projects requiring financing.

Total gross loans and advances to individual customers increased by EGP 3,420 million, or 28.6%, to EGP 15,398 million as at 31 December 2016 from EGP 11,978 million as at 31 December 2015, after having increased by EGP 3,454 million, or 40.5%, from EGP 8,523 million as at 31 December 2014. The increase in the Bank's individual loan portfolio in 2016 was primarily due to an EGP 2,672 million, or 33.1%, increase in personal loans as a result of a 33% and 41% increase in unsecured and secured personal loans, respectively. The increase in the Bank's individual loan portfolio in 2015 was primarily due to an EGP 2,345 million increase in personal loans granted by the Bank and an EGP 991 million increase in credit cards, primarily as a result of the Bank attracting 203,000 new customers in 2015.

The Bank's 20 largest borrowers accounted for 30.5% of total loans and advances to customers as at 31 December 2016. The Bank's two single largest borrowers accounted for 3.7% and 2.9% of total loans and advances to customers as at 31 December 2016.

Loans by Economic Sector

The following table sets forth an analysis of the Bank's gross loan portfolio, by economic sector, as at the dates indicated.

	As at 31 December					
	2016		2015		2014	
	(EGP millions)	*(%)*	*(EGP millions)*	*(%)*	*(EGP millions)*	*(%)*
Financial institutions	1,082	1.1	919	1.5	1,024	1.9
Manufacturing	37,386	38.4	23,142	37.0	21,467	40.5
Real estate	1,827	1.9	1,379	2.2	907	1.7
Wholesale and retail trade	1,539	1.6	1,446	2.3	1,042	2.0
Government sector	14,448	14.9	9,414	15.0	7,172	13.5
Other activities	25,626	26.3	14,246	22.7	12,857	24.3
Individual	15,398	15.8	11,978	19.2	8,523	16.1
Total gross loans and advances to customers	**97,306**	**100.0**	**62,524**	**100.0**	**52,992**	**100.0**

Since 31 December 2014, loans and advances to customers have been concentrated predominantly in the government, manufacturing and other activities sectors.

Loans and advances to customers in the manufacturing sector accounted for 38.4% of total gross loans and advances to customers as at 31 December 2016, 37.0% of total gross loans and advances to customers as at 31 December 2015 and 40.5% of total gross loans and advances to customers as at 31 December 2014. Total gross loans and advances to customers in the manufacturing sector increased by EGP 14,244 million, or 61.6%, to EGP 37,386 million as at 31 December 2016 from EGP 23,142 million as at 31 December 2015, after having increased by EGP 1,675 million, or 7.8%, from EGP 21,467 million as at 31 December 2014.

Gross loans and advances to customers conducting other activities accounted for 26.3% of total gross loans and advances to customers as at 31 December 2016, 22.8% of total gross loans and advances to customers as at 31 December 2015 and 24.3% of total gross loans and advances to customers as at 31 December 2014. Total gross loans and advances to customers conducting other activities increased by EGP 11,380 million, or 79.9%, to EGP 25,626 million as at 31 December 2016 from EGP 14,246 million as at 31 December 2015, after having increased by EGP 1,389 million, or 10.8%, from EGP 12,857 million as at 31 December 2014. Other activities comprise the Bank's microfinance activities.

Total gross loans and advances to individual customers increased by EGP 3,420 million, or 28.6%, to EGP 15,398 million as at 31 December 2016 from EGP 11,978 million as at 31 December 2015, after having increased by EGP 3,455 million, or 40.5%, from EGP 8,523 million as at 31 December 2014.

Loans by Geographic Location

The following table sets forth an analysis of the Bank's gross loan portfolio, by geographic location, as at the dates indicated.

	As at 31 December					
	2016		2015		2014	
	(EGP millions)	*(%)*	*(EGP millions)*	*(%)*	*(EGP millions)*	*(%)*
Cairo	72,766	74.8	47,188	75.5	41,704	78.7
Alexandria, Delta and Sinai	20,556	21.1	12,862	20.5	10,241	19.3
Upper Egypt	3,984	4.1	2,474	4.0	1,047	2.0
Total gross loans and advances to customers	**97,306**	**100.0**	**62,524**	**100.0**	**52,992**	**100.0**

Since 31 December 2013, 100.0% of the Bank's total gross loans and advances to customers were loans to customers in Egypt.

Gross loans and advances to customers in Cairo accounted for 74.8% of total loans and advances to customers as at 31 December 2016, 75.5% of total loans and advances to customers as at 31 December 2015 and 78.7% of total loans and advances to customers as at 31 December 2014. Total gross loans and advances to customers in Cairo increased by EGP 25,578 million, or 54.2%, to EGP 72,766 million as at 31 December 2016 from EGP 47,188 million as at 31 December 2015, after having increased by EGP 5,484 million, or 13.2%, from EGP 41,704 million as at 31 December 2014. The increase in total loans and advances to customers in Cairo in 2016 was primarily due to an increase in syndicated loans to corporate customers. The increase in total loans and advances to customers in Cairo in2015 was primarily due to the improved economic conditions in Egypt.

Total gross loans and advances to customers in Alexandria, Delta and Sinai increased by EGP 7,694 million, or 59.8%, to EGP 20,556 million as at 31 December 2016 from EGP 12,862 million as at 31 December 2015, after having increased by EGP 2,621 million, or 25.6%, from EGP 10,241 million as at 31 December 2014. The increases in total loans and advances to customers in Alexandria, Delta and Sinai in 2016 and 2015 was primarily due to the improved economic conditions in Egypt

Total gross loans and advances to customers in Upper Egypt increased by EGP 1,510 million, or 61.0%, to EGP 3,984 million as at 31 December 2016 from EGP 2,474 million as at 31 December 2015, after having increased by EGP 1,427 million, or 136.3%, from EGP 1,047 million as at 31 December 2014. The increases in total loans and advances to customers in Upper Egypt in 2016 and 2015 were primarily due to the improved economic conditions in Egypt.

Loans by Currency

The following table sets forth an analysis of the Bank's gross loan portfolio, by currency, as at the dates indicated.

	As at 31 December					
	2016		2015		2014	
	(EGP millions)	*(%)*	*(EGP millions)*	*(%)*	*(EGP millions)*	*(%)*
Egyptian Pounds	42,174	43.3	36,201	57.9	31,720	59.9
U.S. Dollars	52,236	53.7	24,855	39.8	20,336	38.4
Euros	2,474	2.6	1,272	2.0	700	1.3
British Sterling	115	0.1	115	0.2	176	0.3
Other	307	0.3	81	0.1	60	0.1
Total gross loans and advances to customers	**97,306**	**100.0**	**62,524**	**100.0**	**52,992**	**100.0**

The Bank lends in Egyptian Pounds and foreign currencies, principally U.S. Dollars, depending on customer requirements.

Foreign currency facilities are generally not extended to accommodate transactions between local companies and the conversion of any foreign currency exposure to local currency is subject to CBE approval. In addition, the offering of foreign currency facilities is subject to the directives of senior management and the concurrence of the Bank's treasury group as to matters of availability and gapping. Foreign currency facilities are generally required to be repaid in such foreign currency.

Loans and advances to customers denominated in Egyptian Pounds generally carry a higher interest rate than loans in U.S. Dollars.

In recent years, the currency mix of the Bank's loans has remained relatively stable. Loans and advances to customers denominated in U.S. Dollars accounted for the largest proportion of lending in 2016 accounting for 53.7% of total gross loans and advances as at 31 December 2016. Egyptian Pounds accounted for the largest proportion of lending in 2015 and 2014, accounting for 57.9% of total gross loans and advances as at 31 December 2015 and 59.9% of total gross loans and advances as at 31 December 2014. Loans and advances to customers denominated in U.S. Dollars accounted for the largest proportion of the Bank's foreign currency lending and 53.7% of total gross loans and advances as at 31 December 2016, 39.8% of total gross loans and advances as at 31 December 2015 and 38.4% of total gross loans and advances as at 31 December 2014.

Loans by Maturity

The following table sets forth an analysis of the Bank's gross loan portfolio, by maturity, as at the dates indicated.

	As at 31 December					
	2016		2015		2014	
	(EGP millions)	*(%)*	*(EGP millions)*	*(%)*	*(EGP millions)*	*(%)*
Up to one month	54,210	55.7	39,543	63.2	34,782	65.6
One to three months	15,259	15.7	7,660	12.3	7,440	14.1
Three months to one year	18,453	19.0	9,165	14.7	5,460	10.3
One year to five years	7,764	8.0	5,205	8.3	4,355	8.2
Over five years	1,620	1.6	951	1.5	955	1.8
Total gross loans and advances to customers	**97,306**	**100.0**	**62,524**	**100.0**	**52,992**	**100.0**

The Bank's loan portfolio is principally comprised of loans and advances to customers with maturities of up to one month, which accounted for 55.7% of total gross loans and advances as at 31 December 2016, 63.2% of total gross loans and advances as at 31 December 2015 and 65.6% of total gross loans and advances as at 31 December 2014.

Lending Policies and Credit Approval Procedures

The Bank has established guidelines for the analysis of credit applications. An applicant's creditworthiness and credit history are the most important criteria in the Bank's determination to provide, renew or increase a credit facility, regardless of the type of borrower. Available guarantees and other collateral are also assessed, although the availability of security will not replace the underlying study of the applicant's creditworthiness.

The Bank assesses the risk rating of individual counterparties using an internal rating system, the Credit Risk Assessment Model (the "**CRAM**"). The CRAM is intended to provide a risk rating that is in line with the CBE's requirements and international rating agencies' methodologies. The CRAM is calculated using an integrated database, which provides a quantitative and qualitative analysis of the company's historical performance, recent events and future position.

The CRAM tool is kept under review and is upgraded as necessary. The rating scale is comprised of four categories: (i) performing loans (risk rating 1- risk rating 5); (ii) loans subject to regular watching (risk rating 6); (iii) loans on the watch list (risk rating 7); and (iv) non-performing loans (risk rating 8 - risk rating 10) .

The loan application process is comprised of three stages: (i) the preparation stage, during which the credit approval application is prepared and agreed upon by the Institutional Banking Group; (ii) a review stage, during which the application is then presented to the Credit Administration Department for review to ensure that all administrative requirements have been fulfilled and that relevant guidelines are followed; and (iii) an approval stage, during which the application is submitted to the relevant approval body for final approval.

The High Lending and Investment Committee currently consists of seven members of senior management. See "*Asset Liability and Risk Management—Principal Committees—High Lending and Investment Committee*".

All other credit committees consist of four members, of which two must be from the risk department. Voting is by a simple majority and committees meet on a weekly basis.

The body approving a particular loan is determined based on the proposed amount, tenor and risk rating for each facility and borrower as set out in the following table:

	2 years	5 years	7 years	Over 7 years
		(amounts in EGP millions)		
Risk Ratings 1 and 2				
High Lending and Investment Committee[(1)]	CBE Limits	CBE Limits	CBE Limits	CBE Limits
Senior Credit Committee[(2)]	3,000	3,000	3,000	—
Credit Committees[(3)]	2,500	2,300	2,100	—
Risk Ratings 3				
High Lending and Investment Committee[(1)]	CBE Limits	CBE Limits	CBE Limits	CBE Limits
Senior Credit Committee[(2)]	2,700	2,500	2,300	—
Credit Committees[(3)]	2,300	2,100	1,900	—
Risk Rating 4				
High Lending and Investment Committee[(1)]	CBE Limits	CBE Limits	CBE Limits	CBE Limits
Senior Credit Committee[(2)]	2,500	2,300	2,100	—
Credit Committees[(3)]	2,100	1,900	1,800	—
Risk Rating 5				
High Lending and Investment Committee[(1)]	CBE Limits	CBE Limits	CBE Limits	CBE Limits
Senior Credit Committee[(2)]	2,300	2,100	1,900	—
Credit Committees[(3)]	1,800	1,600	1,400	
Risk Rating 6				
High Lending and Investment Committee[(1)]	CBE Limits	CBE Limits	CBE Limits	CBE Limits
Senior Credit Committee[(2)]	2,100	1,900	1,800	—
Credit Committees[(3)]	—	—	—	—

Notes:

(1) See "*Asset Liability and Risk Management—Principal Committees—High Lending and Investment* Committee".

(2) The Senior Credit Committee is comprised of four members and meets on a weekly basis.

(3) Each Credit Committee is comprised of four members and meets on a weekly basis.

The Bank's Credit Exposure Management department (the "**CEM**") provides independent risk oversight across the Bank. The CEM assists in recognising potential adverse events and establishing appropriate risk responses. The CEM's main functions include: (i) conducting thorough industry analysis; (ii) identifying risks and measuring the Bank's exposure to such risks; and (iii) setting out the appropriate response to minimise and control such risks. In carrying out these functions, the CEM is responsible for establishing early warning systems for breaches of the Bank's risk appetite or limits, ensuring compliance with all relevant CBE regulations and internal policies, engaging in the process of setting risk strategies, measures and limits, utilising stress tests and incorporating the results of such stress tests into the reviews of the Bank's risk appetite and budgets.

The Bank's Credit and Investment Administration department (the "**CIA**") is responsible for the administrative control of the Bank's institutional and investment exposures, as well as compliance with internal credit policy guidelines and related CBE requirements. In particular, the CIA's activities include verifying collateral, setting credit limits and carrying out robust reporting and portfolio review.

The Bank's restructuring activities include rescheduling arrangements, obligatory management programmes and modification and deferral of payments. The application of restructuring policies is based on indicators or criteria of credit performance set by the Bank's management. As at 31 December 2016, EGP 7.8 billion of corporate loans had been renegotiated, as compared to EGP 3.1 billion as at 31 December 2015 and EGP 3.2 billion as at 31 December 2014. The increase in the number of corporate loans renegotiated in 2016, as compared to 2015, was primarily due to the effect of the devaluation of the Egyptian Pound during 2016 on the Bank's corporate loan portfolio, a significant portion of which comprises loans to the tourism sector, which are in foreign currencies. On 22 February 2016, the CBE introduced an initiative allowing banks to restructure and reschedule loans to the tourism sector without the risk of such loans being downgraded to non-performing loans.

Loan Classification Policies

In addition to the four categories of the Bank's internal credit ratings referred to above, the Bank's Management classifies loans and advances based on more detailed subgroups in accordance with CBE regulations. The Bank calculates any required provisions for impairment of loans on the basis of the ratings determined by the CBE.

The following table sets forth a summary of the CBE loan classification scheme and the Bank's internal rating policy, as well as the related provisioning levels expressed as a percentage of the outstanding amount of the loan.

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

According to CBE regulations, performing loans (loans classified as 1-7) are loans that are performing or up to three months overdue. Sub-standard loans (classified as 8) are loans over three months but less than six months overdue. Doubtful loans (classified as 9) are overdue by more than six months, but by less than 12 months. Loans overdue by more than one year are classified as bad loans (classified as 10). With respect to loans classified 8-10, the CBE has established guidelines in addition to payment defaults, such as problems affecting cash flow, deterioration in collateral value and competitive environment, to be taken into account when classifying a particular non-performing loan.

In accordance with applicable CBE regulations and the Bank's policies, the Bank provisions for non-performing loans in respect of principal only. The Bank calculates accrued interest on non-performing loans and accounts for such amounts on its balance sheet.

Analysis of Loans by Credit Quality

The Bank estimates loan loss impairments on a monthly basis, applying the policies described above. In addition, the Bank may also make additional provisions for possible loan losses on a case-by-case basis based on the Bank's experience and the Bank's Management's judgement as to the level of losses likely to be incurred. For this reason, actual provisioning levels may differ from the stated provisioning rates.

The following tables set forth information on the credit quality of the Bank's loan and advances to customers as at the dates indicated.

	As at 31 December					
	2016		2015		2014	
	(EGP millions)	*(%)*	*(EGP millions)*	*(%)*	*(EGP millions)*	*(%)*
Neither past due nor impaired [1]	85,587	88.0	56,254	90.0	48,092	90.8
Past due but not impaired[2]	5,133	5.3	3,765	6.0	2,398	4.5
Individually impaired[3]	6,586	6.7	2,505	4.0	2,502	4.7
Gross loans and advances to customers	**97,306**	**100.0**	**62,524**	**100.0**	**52,992**	**100.0**
Less:						
Impairment provision	12,076	—	5,712	—	4,300	—
Unamortised bills discount	6	—	14	—	6	—
Net	**85,224**	**—**	**56,798**	**—**	**48,686**	**—**

Notes:
(1) Loans which are neither past due nor impaired are classified as performing loans and advances.
(2) Loans which are past due but not impaired are classified as performing loans and advances with past dues of less than 90 days.
(3) Loans which are individually impaired are classified as non-performing loans and advances.

As at 31 December 2016, 88.0% of gross loans and advances to customers were classified as neither past due nor impaired, as compared to 90.0% as at 31 December 2015 and 90.8% as at 31 December 2014. This deterioration in the Bank's credit quality is due to an increase in the proportion of performing customers classified as past due, which is in turn due to the introduction of austerity measures by the Government in order to stabilise inflationary pressures.

Impairment provisions for loans and advances to individual and corporate customers increased by EGP 5,107 million, or 108.4%, to EGP 9,817 million as at 31 December 2016 from EGP 4,710 million as at 31 December 2015, after having increased by EGP 1,268 million, or 36.8%, from EGP 3,441 million as at 31 December 2014. The increase in impairment balances in 2016 and 2015 was primarily due to the year-on-year increase in size of the Bank's loan portfolio, as well as the effect of the free float of the Egyptian Pound introduced in November 2016.

The following table sets forth an analysis of the classification of the Bank's individual loan portfolio as at the dates indicated.

	As at 31 December					
	2016		**2015**		**2014**	
	(EGP millions)	*(%)*	*(EGP millions)*	*(%)*	*(EGP millions)*	*(%)*
Performing loans	14,531	96.0	11,292	95.9	8,162	97.2
Regular watching	355	2.3	288	2.4	125	1.5
Watch list	118	0.8	91	0.8	42	0.5
Non-performing loans	139	0.9	101	0.9	66	0.8
Total net individual loans and advances to customers	**15,143**	**100.0**	**11,772**	**100.0**	**8,395**	**100.0**

The following table sets forth an analysis of the classification of the Bank's corporate loan portfolio as at the dates indicated.

	As at 31 December					
	2016		**2015**		**2014**	
	(EGP millions)	*(%)*	*(EGP millions)*	*(%)*	*(EGP millions)*	*(%)*
Performing loans	50,497	69.8	38,643	83.9	36,537	88.8
Regular watching	15,695	21.7	4,966	10.8	3,083	7.5
Watch list	4,604	6.4	1,671	3.6	815	2.0
Non-performing loans	1,549	2.1	763	1.7	720	1.7
Total net corporate loans and advances to customers	**72,345**	**100.0**	**46,043**	**100.0**	**41,155**	**100.0**

As at 31 December 2016, 96.0% of net individual loans and advances to customers and 69.8% of net corporate loans and advances to customers were classified, according to the Bank's internal rating system, as performing loans, as compared to 95.9% and 83.9%, respectively, as at 31 December 2015 and 97.2% and 88.8%, respectively, as at 31 December 2014.

The Bank classifies non-performing loans as loans overdue by more than 90 days. As at 31 December 2016, 0.9% of net individual loans and advances to customers and 2.1% of net corporate loans and advances to customers were classified as non-performing, as compared to 0.9% and 1.7%, respectively, as at 31 December 2015 and 0.8% and 1.7%, respectively, as at 31 December 2014. As at 31 December 2016, the ten largest non-performing loans accounted for 67.0% of total non-performing loans, as compared to 68.9% as at 31 December 2015 and 77.1% as at 31 December 2014.

Analysis for Impairment Provision

The following table sets forth an analysis of the impairment provision for loans and advances to individual customers as at the dates indicated.

	As at 31 December		
	2016	2015	2014
		(EGP millions)	
Beginning balance	(205)	(128)	(117)
Charge (release) during the year	(72)	(91)	(13)
Write off during the year	37	19	7
Recoveries during the year	(15)	(5)	(6)
Ending balance	**(255)**	**(205)**	**(128)**

The following table sets forth an analysis of the impairment provision for loans and advances to corporate customers as at the dates indicated.

	As at 31 December		
	2016	2015	2014
		(EGP millions)	
Beginning balance	(4,504)	(3,313)	(2,726)
Charge (release) during the year	(841)	(1,627)	(583)
Write off during the year	72	546	20
Recoveries during the year	(33)	(4)	(4)
Exchange revaluation difference	(4,256)	(106)	(20)
Ending balance	**(9,562)**	**(4,504)**	**(3,313)**

Policies Relating to Collateral

In accordance with the Bank's internal guidelines, longer-term financing and lending to corporate entities are generally secured by collateral, while revolving credit facilities are generally unsecured. The Bank will seek collateral from borrowers as soon as there is an indication of impairment for the loan or advance.

The principal forms of collateral accepted by the Bank for loans and advances are mortgages over residential properties, mortgages over business assets, such as premises and inventory, and mortgages over financial instruments, such as debt securities and equity. The Bank considers a loan to be fully secured if it is secured by one or a combination of the following: cash collateral, time deposits, treasury bills, bonds or equivalent sovereign rated instruments, Bank certificates of deposits, pledged savings accounts, approved letters of guarantee issued by foreign banks (against foreign currency exposure).

Contingent Liabilities

In the normal course of business, the Bank makes contractual commitments on behalf of its customers and, in order to meet the financing needs of its customers, is a party to financial instruments with off-balance sheet risk. Such commitments take the form of guarantees, letters of credit in favour of third parties, whereby the Bank agrees to make payments for customers' accounts under certain conditions or in the event of default by a customer and receives a contract-indemnity from the customer, and customer acceptances. These services are normally provided on a fee basis.

The following table sets forth an analysis of the Bank's letters of credit, guarantees and other commitments, as at the dates indicated.

	As at 31 December		
	2016	2015	2014
		(EGP millions)	
Letters of guarantee	65,575	29,641	23,263
Letters of credit (import and export)	2,383	862	1,290
Customers acceptances	651	505	757
Total	**68,609**	**31,008**	**25,310**

Contingent liabilities increased by EGP 37,601 million, or 121.3%, to EGP 68,609 million as at 31 December 2016 from EGP 31,008 million as at 31 December 2015, after having increased by EGP 5,698 million, or 22.5%, from EGP 25,310 million as at 31 December 2014. The increase in contingent liabilities in 2016 was primarily due to an EGP 35,934 million, or 121.2%, increase in letters of guarantee issued by the Bank. The increase in contingent liabilities in 2015 was primarily due to an EGP 6,378 million, or 27.4%, increase in letters of guarantee issued by the Bank.

As at 31 December 2016, the ten most significant customer exposures of the Bank under contingent liabilities amounted to 34% of aggregate contingent liabilities, as compared to 32% as at 31 December 2015.

Loans and Advances to Banks

Total net loans and advances to banks increased by EGP 122 million, or 321.1%, to EGP 160 million as at 31 December 2016 from EGP 38 million as at 31 December 2015, after having decreased by EGP 80 million, or 67.4 %, from EGP 118 million as at 31 December 2014 The increase in the Bank's loans and advances to banks in 2016 was primarily due to an EGP 113 million, or 234.0%, increase in time and term loans. The decrease in the Bank's loans and advances to banks in 2015 was primarily due to an EGP 84.3 million, or 63.6%, decrease in time and term loans.

Available-for-sale Financial Investments

Available-for-sale financial investments are those investments intended to be held for an indefinite period of time, which may be sold in response to the Bank's liquidity needs or changes in interest rates, exchange rates or equity prices. Total available-for-sale financial investments decreased by EGP 40,842 million, or 88.2%, to EGP 5,447 million as at 31 December 2016 from EGP 46,289 million as at 31 December 2015, after having increased by EGP 18,587 million, or 67.1%, from EGP 27,702 million as at 31 December 2014. The decrease in the Bank's available-for-sale financial investments in 2016 and the increase in 2015 was primarily due to changes in listed debt instruments.

Available-for-sale Financial Investments by Type

The following table sets forth an analysis of the Bank's available-for-sale financial investments portfolio, by type, as at the dates indicated.

	As at 31 December					
	2016		2015		2014	
	(EGP millions)	*(%)*	*(EGP millions)*	*(%)*	*(EGP millions)*	*(%)*
Listed debt instruments	4,709	86.5	45,590	98.5	27,250	98.4
Listed equity instruments	98	1.8	28	0.1	88	0.3
Unlisted instruments	640	11.7	671	1.4	364	1.3
Total available-for-sale financial investments	**5,447**	**100.0**	**46,289**	**100.0**	**27,702**	**100.0**

Since 31 December 2014, listed debt instruments have accounted for more than 80% of the Bank's available-for-sale financial investments, accounting for 86.5% of total available-for-sale financial investments as at 31 December 2016, 98.5% of total available-for-sale financial investments as at 31 December 2015 and 98.4% of total available-for-sale financial investments as at 31 December 2014.

Listed debt instruments decreased by EGP 40,881 million, or 89.7%, to EGP 4,709 million as at 31 December 2016 from EGP 45,590 million as at 31 December 2015, after having increased by EGP 18,340 million, or 67.3%, from EGP 27,250 million as at 31 December 2014. The decrease in listed debt instruments held in 2016 and the increase in 2015 was primarily due to the year-on-year increase in the Bank's portfolio of Government bonds.

Unlisted instruments decreased by EGP 31 million, or 4.6%, to EGP 640 million as at 31 December 2016 from EGP 671 million as at 31 December 2015, after having increased by EGP 307 million, or 84.3%, from EGP 364 million as at 31 December 2014. The decrease in unlisted instruments held in 2016 was primarily due to the listing of EGP 95 million of the Bank's shares in April 2016, as well as an increase in impairment balances in respect of unlisted instruments of EGP 32 million in 2016, which were partially offset by foreign exchange revaluations in an amount of EGP 98 million.

Available-for-sale Financial Investments by Currency

The following table sets forth an analysis of the Bank's available-for-sale financial investments portfolio, by currency, as at the dates indicated.

	As at 31 December					
	2016		2015		2014	
	(EGP millions)	*(%)*	*(EGP millions)*	*(%)*	*(EGP millions)*	*(%)*
Egyptian Pounds	1,497	27.5	44,344	95.8	26,432	95.4
U.S. Dollars	3,950	72.5	1,945	4.2	1,270	4.6
Other	—	—	—	—	—	—
Total available-for-sale financial investments	**5,447**	**100.0**	**46,289**	**100.0**	**27,702**	**100.0**

As at 31 December 2016, 27.5% of total available-for-sale financial investments was denominated in Egyptian Pounds, as compared to 95.8% of total available-for-sale financial investments as at 31 December 2015 and 95.4% of total available-for-sale financial investments as at 31 December 2014.

Available-for-sale Financial Investments by Maturity

The following table sets forth an analysis of the Bank's available-for-sale financial investments portfolio, by maturity, as at the dates indicated.

	As at 31 December					
	2016		2015		2014	
	(EGP millions)	*(%)*	*(EGP millions)*	*(%)*	*(EGP millions)*	*(%)*
Up to one month	2,106	38.7	897	1.9	635	2.3
One to three months	—	0.0	318	0.7	1,468	5.3
Three months to one year	49	0.9	3,372	7.3	3,533	12.7
One year to five years	2,698	49.5	30,444	65.8	17,482	63.1
Over five years	33	0.6	10,633	23.0	4,205	15.2
Non-interest bearing	561	10.3	625	1.3	379	1.4
Total available-for-sale financial investments	**5,447**	**100.0**	**46,289**	**100.0**	**27,702**	**100.0**

The Bank's portfolio of available-for-sale financial investments is principally comprised of investments with maturities of between one year and five years, which accounted for 49.5% of total available-for-sale financial investments as at 31 December 2016, 65.8% of total available-for-sale financial investments as at 31 December 2015 and 63.1% as at 31 December 2014.

As at 31 December 2016, the Bank had available-for-sale financial investments with maturities of three months to one year of EGP 49 million, as compared to EGP 3,372 million as at 31 December 2015 and EGP 3,533 million as at 31 December 2014. This decrease was primarily due to the reclassification of certain available-for-sale instruments as held-to-maturity instruments in order to protect the Bank's capital adequacy levels from anticipated interest rate volatility.

Changes in Available-for-sale Financial Investments

The following table sets forth an analysis of the changes in available-for-sale financial investments as at the dates indicated.

	As at 31 December		
	2016	2015	2014
	(EGP millions)		
Beginning balance	46,289	27,702	23,378
Addition	3,334	25,392	9,080
Deduction (selling, redemptions)	(46,336)	(5,152)	(4,855)
Exchange revaluation differences	2,220	97	38
Profit (losses) from fair value difference	42	(1,572)	121
Impairment (charges) release	(102)	(178)	(60)
Ending balance	**5,447**	**46,289**	**27,702**

Held-to-maturity Financial Investments

Available-for-sale financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's Management intends to hold until maturity. Total held-to-maturity financial investments increased by EGP 44,664 million, or 482.3%, to EGP 53,925 million as at 31 December 2016 from EGP 9,261 million as at 31 December 2015, after having increased by EGP 100 million, or 1.1% from EGP 9,161 million as at 31 December 2014. The increase in the Bank's held-to-maturity financial investments in 2016 was primarily due to the increase in listed debt instruments, which was, in turn, due to the reclassification of certain available-for-sale instruments as held-to-maturity instruments in order to protect the Bank's capital adequacy levels from anticipated interest rate volatility.

Held-to-maturity Financial Investments by Type

The following table sets forth an analysis of the Bank's held-to-maturity financial investments portfolio, by type, as at the dates indicated.

	As at 31 December					
	2016		2015		2014	
	(EGP millions)	*(%)*	*(EGP millions)*	*(%)*	*(EGP millions)*	*(%)*
Listed debt instruments	53,892	99.9	9,229	99.7	9,133	99.7
Unlisted instruments	33	0.1	33	0.3	28	0.3
Total held-to-maturity financial investments	**53,925**	**100.0**	**9,261**	**100.0**	**9,161**	**100.0**

Listed debt instruments accounted for 99.9% of total held-to-maturity financial investments as at 31 December 2016, 99.7% of total held-to-maturity financial investments as at 31 December 2015 and 99.7% of total held-to-maturity financial investments as at 31 December 2014.

Listed debt instruments increased by EGP 44,664 million, or 482.3%, to EGP 53,892 million as at 31 December 2016 from EGP 9,229 million as at 31 December 2015, after having increased by EGP 95 million, or 1% from EGP 9,133 million as at 31 December 2014. The increase in listed debt instruments held in 2016 and 2015 was primarily to safeguard the Bank against any negative impact on its capital.

Unlisted instruments decreased by EGP 5 million, or 17.9%, to EGP 33 million as at 31 December 2016 and 31 December 2015 from EGP 28 million as at 31 December 2014.

Held-to-maturity Financial Investments by Currency

As at 31 December 2016, 100.0% of the Bank's held-to-maturity investments have been denominated in Egyptian Pounds.

Held-to-maturity Financial Investments by Maturity

The following table sets forth an analysis of the Bank's held-to-maturity financial investments portfolio, by maturity, as at the dates indicated.

	As at 31 December					
	2016		2015		2014	
	(EGP millions)	*(%)*	*(EGP millions)*	*(%)*	*(EGP millions)*	*(%)*
Up to one month	4,044	7.5	—	—	2,765	30.2
One to three months	3,295	6.1	—	—	—	—
Three months to one year	6,669	12.4	5	0.1	1,150	12.5
One year to five years	29,628	54.9	9,018	97.4	5,009	54.7
Over five years	10,287	19.1	238	2.5	237	2.6
Total held-to-maturity financial investments	**53,925**	**100.0**	**9,261**	**100.0**	**9,161**	**100.0**

The Bank's portfolio held-to-maturity financial investments is principally comprised of investments with maturities of between one year and five years, which accounted for 54.9% of total held-to-maturity financial investments as at 31 December 2016, 97.4% of total held-to-maturity financial investments as at 31 December 2015 and 54.7% as at 31 December 2014. The increase in investments with maturities of between one and five years since 31 December 2014 is primarily due to reduced demand for loans as a result of the deterioration in Egypt's economy following the 2011 Revolution and the revolution in 2013, which led to the Bank deploying its excess liquidity into local currency and sovereign exposure.

Changes in Held-to-maturity Financial Investments

The following table sets forth an analysis of the changes in held-to-maturity financial investments as at the dates indicated.

	As at 31 December		
	2016	2015	2014
		(EGP millions)	
Beginning balance	9,261	9,161	4,197
Addition	44,668	4,020	4,964
Deduction (selling, redemptions)	(4)	(3,920)	—
Exchange revaluation differences	—	—	—
Profit (losses) from fair value difference	—	—	—
Impairment (charges) release	—	—	—
Ending balance	**53,925**	**9,261**	**9,161**

Derivatives

The Bank enters into derivatives transactions for hedging and non-hedging purposes, both on its own behalf and for customers. The Risk Group monitors risks associated with derivatives, particularly market risks, and derivative instruments are periodically marked-to-market to reflect their realisable values.

The following table sets forth the notional amount of the Bank's trading and hedging derivatives as at the dates indicated.

	As at 31 December		
	2016	**2015**	**2014**
		(EGP millions)	
Foreign currency derivatives			
Forward foreign exchange contracts	2,174	972	1,761
Currency swaps	2,663	3,448	3,928
Options	—	27	319
Total foreign derivatives	**4,837**	**4,447**	**6,008**
Interest rate swaps	35	15	279
Commodities	—	—	1
Interest rate derivatives			
Government debt instruments hedging	676	286	621
Customers deposits hedging	16,382	7,965	4,277
Total financial derivatives	**21,930**	**12,713**	**11,186**

See Note 19.1.1 to the Financial Statements.

Investments and Other Earning Assets

The Bank's earning assets, other than loans, are comprised of the Bank's cash and balances with banks, trading financial assets, investments in associates, investments in available for sale investments and treasury bills and bonds issued by the Government. The Bank actively manages its investments, selling selective assets in order to generate profits or minimise loss, enhance the Bank's liquidity and funding base and maintain the diversity of its investment portfolio. Interbank placements are generally short-term, with the majority of placements made to the CBE or banks in Egypt and other OECD countries.

Applicable CBE regulations restrict investments that an Egyptian bank may hold in a single non-financial company to 40% of such company, and the total size of the aggregate investment portfolio of the bank is limited to 100% of such bank's capital base. Under CBE regulations, a bank's "capital base" includes paid-in capital, reserves and integrated capital, which includes general provisions, 45% of the difference between the market value and the book value for the bank's investments, and any subordinated loans. As at 31 December 2016, the Bank's capital base was EGP 16,121 million, as compared to EGP 15,355 million as at 31 December 2015 and EGP 11,754 million as at 31 December 2014, in each case prior to the appropriation of profits for the relevant year.

In addition, as a publicly-listed company, the Bank must obtain an independent valuation and external auditor approval in respect of any proposed acquisition of more than 20% of a non-listed company. The Bank is also prohibited from investing as a "general partner" in any partnership and needs CBE approval for any investments in non-financial companies of more than 5%.

Treasury Bills and Other Governmental Notes

The Bank maintains a portfolio of treasury bills and other Government notes. As at 31 December 2016, this portfolio had a net book value of EGP 39,177 million, as compared to EGP 22,130 million as at 31 December 2015 and EGP 30,548 million as at 31 December 2014. The increase in treasury bills and other Government notes held as at 31 December 2016, as compared to 31 December 2015 was primarily due to the Bank's strategy to maintain a balanced portfolio of assets.

Trading Financial Assets

The Bank's portfolio of equity instruments is relatively diversified, with investments in over 30 companies, as well as investments in mutual funds and debt instruments, which are primarily comprised of Government bonds. Investments in company shares was EGP 518 million as at 31 December 2016, as compared to EGP 623 million as at 31 December 2015 and EGP 379 million as at 31 December 2014. Investments in mutual funds was EGP 180 million as at 31 December 2016, as compared to EGP 157 million as at 31 December 2015 and EGP 151 million as at 31 December 2014.

The following table sets forth an analysis of the Bank's portfolio of financial trading assets, by type of investment, as at the dates indicated.

	As at 31 December		
	2016	**2015**	**2014**
		(EGP millions)	
Debt Instruments			
Governmental bonds	1,933	5,505	3,335
Other debt instruments	—	—	35
Total debt instruments	**1,933**	**5,505**	**3,370**
Equity Instruments			
Mutual funds	180	157	151
Total equity instruments	**180**	**157**	**151**
Total financial assets for trading	**2,113**	**5,662**	**3,521**

Investments in Associates

The following table sets forth an analysis of the Bank's investments in associates, by investment fair value, as at the dates indicated.

	As at 31 December		
	2016	**2015**	**2014**
		(EGP millions)	
Commercial Life Insurance[(1)]	—	—	59
Corplease[(2)]	—	124	102
Haykala for Investment	—	1	2
Egypt Factors[(2)]	—	—	1
International Co. for Security and Services (Falcon)	37	35	18
Total	**37**	**160**	**182**

Notes:

(1) The Bank sold Commercial Life Insurance to AXA in December 2015. See "*Description of the Bank's Principal Business Activities—Consumer and Business Banking—Insurance*".

(2) The Bank exited from its investments in Corplease Co. and Egypt Factors in January and November 2016, respectively.

See "*Description of the Bank's Principal Business Activities—Consumer and Business Banking—Subsidiaries and Associates*" for a description of the activities of the Bank's key associated companies.

Principal Sources of Funding

The Bank's activities are primarily funded through its sizeable customer deposits. Other principal funding sources consist of interbank deposits, derivative instruments and long-term loans.

The following table sets forth the Bank's principal external sources of funding as at the dates indicated.

	As at 31 December					
	2016		2015		2014	
	(EGP millions)	*(%)*	*(EGP millions)*	*(%)*	*(EGP millions)*	*(%)*
Due to banks	3,009	1.3	1,601	1.0	1,131	0.9
Due to customers	231,741	98.5	155,234	98.8	121,975	98.8
Derivative financial instruments	331	0.1	146	0.1	137	0.1
Long-term loans	160	0.1	131	0.1	243	0.2
Total	**235,241**	**100.0**	**157,112**	**100.0**	**123,486**	**100.0**

Amounts due to Customers

The principal source of funding for the Bank is amounts due to customers (or customer deposits), which comprised 98.5% of total funding as at 31 December 2016, as compared to 98.8% as at 31 December 2015 and 98.8% as at 31 December 2014.

Total amounts due to customers increased by EGP 76,507 million, or 49.3%, to EGP 231,741 million as at 31 December 2016 from EGP 155,234 million as at 31 December 2015, after having increased by EGP 33,259 million, or 27.3%, from EGP 121,975 million as at 31 December 2014. The increase in amounts due to customers in each of 2016 and 2015 was primarily due to increases in fixed interest bearing balances and current account balances.

Amounts due to Customers by Type

The following table sets forth an analysis of the Bank's amounts due to customers, by type, as at the dates indicated.

	As at 31 December					
	2016		2015		2014	
	(EGP millions)	*(%)*	*(EGP millions)*	*(%)*	*(EGP millions)*	*(%)*
Demand deposits	60,069	25.9	43,283	27.9	30,502	25.0
Time deposits	57,478	24.8	42,996	27.7	35,408	29.0
Certificates of deposit	69,215	29.9	37,519	24.2	31,001	25.5
Savings deposits	38,519	16.6	25,790	16.6	21,604	17.7
Other deposits	6,460	2.8	5,646	3.6	3,460	2.8
Total amounts due to customers	**231,741**	**100.0**	**155,234**	**100.0**	**121,975**	**100.0**

As at 31 December 2016, time deposits accounted for 24.8% of total amounts due to customers, as compared to 27.7% as at 31 December 2015 and 29.0% as at 31 December 2014, while certificates of deposit accounted for 29.9% of total amounts due to customers as at 31 December 2016, as compared to 24.2% as at 31 December 2015 and 25.5% as at 31 December 2014.

Demand deposits increased by EGP 16,786 million, or 38.8%, to EGP 60,069 million as at 31 December 2016 from EGP 43,283 million as at 31 December 2015, after having increased by EGP 12,781 million, or 41.9%, from EGP 30,502 million as at 31 December 2014. The increase in the Bank's demand deposits in 2016 was primarily due to the Bank's decision to increase deposit rates in line with those offered by public sector banks following the increase in the CBE's corridor interest rates.

Time deposits increased by EGP 14,482 million, or 33.7%, to EGP 57,478 million as at 31 December 2016 from EGP 42,996 million as at 31 December 2015, after having increased by EGP 7,588 million, or 21.4%, from EGP 35,408 million as at 31 December 2014. The increase in the Bank's time deposits in 2016 was primarily due to the Bank's decision to increase deposit rates in line with those offered by public sector banks following the increase in the CBE's corridor interest rates. The increase in the Bank's time deposits in 2015 was primarily due to an increase in local currency time deposits.

Certificates of deposit increased by EGP 31,696 million, or 84.5%, to EGP 69,215 million as at 31 December 2016 from EGP 37,519 million as at 31 December 2015, after having increased by EGP 6,518 million, or 21.0%, from EGP 31,001 million as at 31 December 2014. The increase in the Bank's certificates of deposit in 2016 was due to the Bank's decision to increase deposit rates in line with those offered by public sector banks following the increase in the CBE's corridor interest rates. The increase in the Bank's certificates of deposit in 2015 was primarily due to Management's strategy of focusing on long-term deposits.

Savings deposits increased by EGP 12,729 million, or 49.4%, to EGP 38,519 million as at 31 December 2016 from EGP 25,790 million as at 31 December 2015, after having increased by EGP 4,186 million, or 19.4%, from EGP 21,604 million as at 31 December 2014. The increases in the Bank's savings deposit in 2016 and 2015 were primarily due to the Bank's decision to increase deposit rates in line with those offered by public sector banks following the increase in the CBE's corridor interest rates.

The Bank's 20 largest depositors accounted for 16% of total amounts due to customers as at 31 December 2016, 18.5% as at 31 December 2015 and 18.5% as at 31 December 2014.

Amounts due to Customers by Customer

The following table sets forth an analysis of the Bank's amounts due to customers, by customer, as at the dates indicated.

	As at 31 December					
	2016		**2015**		**2014**	
	(EGP millions)	*(%)*	*(EGP millions)*	*(%)*	*(EGP millions)*	*(%)*
Corporate deposits	110,158	47.5	82,185	52.9	61,934	50.8
Individual deposits	121,583	52.5	73,049	47.1	60,041	49.2
Total amounts due to customers	**231,741**	**100.0**	**155,234**	**100.0**	**121,975**	**100.0**

As at 31 December 2016, 47.5% of total amounts due to customers were corporate deposits, as compared to 52.9% as at 31 December 2015 and 50.8% as at 31 December 2014. Total corporate deposits increased by EGP 27,973 million, or 34.0%, to EGP 110,158 million as at 31 December 2016 from EGP 82,185 million as at 31 December 2015, after having decreased by EGP 20,251 million, or 32.7%, from EGP 61,934 million as at 31 December 2014. The increase in the Bank's corporate deposits in 2016 was primarily due to the revaluation of the Bank's foreign currency following the free float of the Egyptian Pound introduced in November 2016. The increase in the Bank's corporate deposits in 2015 was primarily due to the establishment of a profit repatriation scheme aimed at major oil concession holders.

As at 31 December 2016, 52.5% of total amounts due to customers were individual deposits, as compared to 47.1% as at 31 December 2015 and 49.2% as at 31 December 2014. Total individual deposits increased by EGP 48,534 million, or 66.4%, to EGP 121,583 million as at 31 December 2016 from EGP 73,049 million as at 31 December 2015, after having increased by EGP 13,008 million, or 21.7%, from EGP 60,041 million as at 31 December 2014. The increase in the Bank's individual deposits in 2016 was primarily due to an EGP 30 billion increase in certificates of deposit. The increase in the Bank's individual deposits in 2015 was primarily due to a 21% increase in certificates of deposit. See Note 28 to the Financial Statements.

Amounts due to Customers by Currency

The following table sets forth an analysis of the Bank's amounts due to customers, by currency, as at the dates indicated.

	As at 31 December					
	2016		2015		2014	
	(EGP millions)	*(%)*	*(EGP millions)*	*(%)*	*(EGP millions)*	*(%)*
Egyptian Pounds	131,213	56.7	113,491	73.1	88,428	72.5
U.S. Dollars	89,083	38.4	36,285	23.4	28,936	23.7
Euros	10,052	4.3	4,813	3.1	4,016	3.3
British Sterling	985	0.4	462	0.3	456	0.4
Other	408	0.2	183	0.1	139	0.1
Total amounts due to customers	**231,741**	**100.0**	**155,234**	**100.0**	**121,975**	**100.0**

In recent years, the currency mix of the Bank's amounts due to customers has remained relatively stable. Amounts due to customers denominated in Egyptian Pounds accounted for the largest proportion of lending accounting for 56.7% of total amounts due to customers as at 31 December 2016, 73.1% of amounts due to customers as at 31 December 2015 and 72.5% of amounts due to customers as at 31 December 2014. Amounts due to customers denominated in U.S. Dollars accounted for the largest proportion of the Bank's foreign currency deposits and 38.4% of total amounts due to customers as at 31 December 2016, 23.4% of amounts due to customers as at 31 December 2015 and 23.7% of total amounts due to customers as at 31 December 2014.

Amounts due to Customers by Maturity

The following table sets forth an analysis of the Bank's amounts due to customers, by maturity, as at the dates indicated.

	As at 31 December					
	2016		2015		2014	
	(EGP millions)	*(%)*	*(EGP millions)*	*(%)*	*(EGP millions)*	*(%)*
Up to one month	30,227	13.0	21,518	13.9	19,043	15.6
One to three months	24,496	10.6	18,636	12.0	18,441	15.1
Three months to one year	55,763	24.1	42,695	27.5	41,653	34.1
One year to five years	108,564	46.8	69,920	45.0	41,042	33.7
Over five years	12,691	5.5	2,465	1.6	1,796	1.5
Total amounts due to customers	**231,741**	**100.0**	**155,234**	**100.0**	**121,975**	**100.0**

In recent years, the maturity mix of the Bank's amounts due to customers has remained relatively stable. The balance of amounts due to customers is principally comprised of deposits with maturities of one year to five years, which accounted for 46.8% of total amounts due to customers as at 31 December 2016, 45.0% of total amounts due to customers as at 31 December 2015 and 33.7% of total amounts due to customers as at 31 December 2014.

Amounts due to Banks

Total amounts due to banks increased by EGP 1,408 million, or 87.9%, to EGP 3,009 million as at 31 December 2016 from EGP 1,601 million as at 31 December 2015, after having increased by EGP 470 million, or 41.6%, from EGP 1,131 million as at 31 December 2014. The increase in amounts due to banks in 2016 was primarily due to an EGP 1,361million or 98.8% increase in deposits. The increase in amounts due to banks in 2015 was primarily due to an EGP 1,191 million, or 640.9%, increase in deposits. See Note 26 to the Financial Statements.

Long-term Loans

Outstanding amounts due under long-term loans made to the Bank increased by EGP 29 million, or 22.1%, to EGP 160 million as at 31 December 2016 from EGP 131 million as at 31 December 2015, after having decreased by EGP 112 million, or 46.1%, from EGP 243 million as at 31 December 2014. The increase in amounts outstanding under long-term loans in 2016 was primarily due to an increase in long-term loans granted to the Agricultural Research and Development Fund to EGP 88.8 million as at 31 December 2016 from EGP 28.0 million as at 31 December 2015. The decrease in amounts outstanding under long-term loans in 2015 was primarily due to the repayment of loans on maturity in accordance with their terms. See Note 29 to the Financial Statements.

ASSET, LIABILITY AND RISK MANAGEMENT

General

The Bank's operations are subject to a variety of risks, some of which are not within its control. These include credit risk, market risk, liquidity risk and other operating risk. The Bank monitors and manages the maturities of its loans, interest rate exposure and credit quality in order to minimise the effect of any changes to the Bank's profitability and liquidity position. See "*Risk Factors—Risks Relating to the Bank*".

The Bank's risk policies aim to identify, analyse and manage the risks faced by the Bank, to set limits and controls on risks and to monitor compliance with those limits and risk levels. Risk management policies and procedures are reviewed regularly in order to reflect changes in market conditions, products and services offered by the Bank, as well as to reflect best practice standards.

Board of Directors

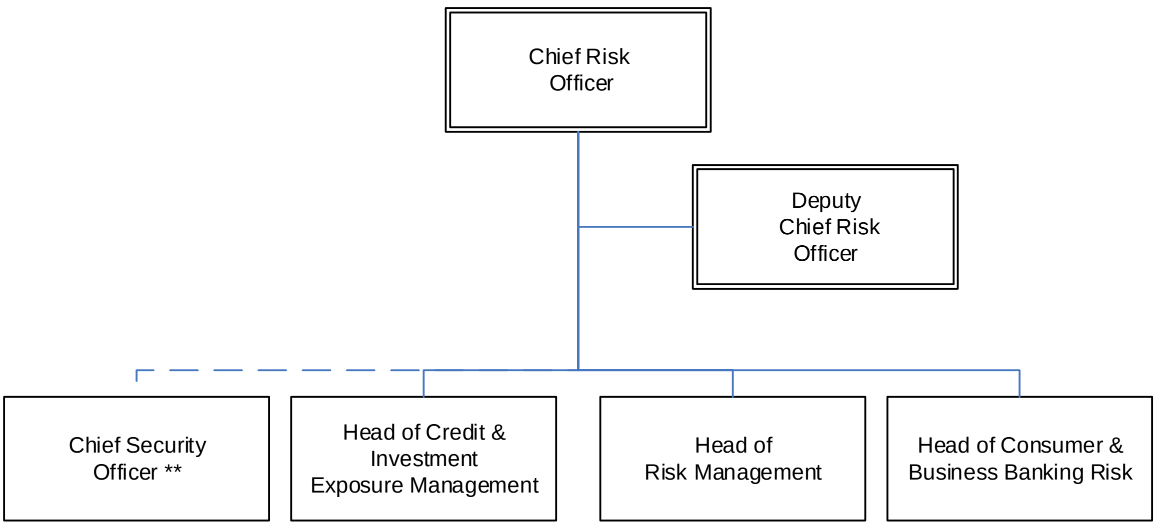
The Board of Directors has overall responsibility for the oversight of the Bank's risk management framework, overseeing the management of key risks and approving its risk management policies. The Board of Directors has established a Risk Committee to assist in supervising the Bank's risk management framework. See "*Management and Corporate Governance—Corporate Governance—Risk Committee*".

The Board of Directors has approved 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.

Risk Group

The Bank's Risk Group provides independent oversight and support in connection with the Bank's risk management framework. The Risk Group identifies, measures, monitors, controls and reports risk exposures when measured against set limits and tolerance levels to the Board of Directors and the Bank's senior management.

The diagram below sets forth the organisational structure of the Risk Group.



The Chief Risk Officer manages the Risk Group, oversees the Bank's risk management framework (including the management of credit, investment, market, operational, conduct, interest rate, security, reputational, regulatory, social, environmental and liquidity risk) and is responsible for monitoring the following key areas: credit; investment; market; operational; conduct; liquidity; interest rate; security; reputational; regulatory; social and environmental risks. The Chief Risk Officer reports directly to the Chairman of the Bank and may also report to the Bank's Board of Directors.

The Risk Management Department of the Risk Group is responsible for identifying, measuring, monitoring and controlling the asset and liability management and market and operational risk function and to ensure that Basel II and other risk analytics requirements are adequately managed. The Risk Management Department reports regularly to the Bank's senior management and the Board of Directors.

Credit Risk

The Bank is exposed to credit risk, which is the risk that a counterparty will cause a financial loss for the Bank by failing to discharge an obligation. Accordingly, the Bank's management 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 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, industry sector and by country are approved quarterly by the Board of Directors.

The Bank's 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 these limits are monitored on a daily basis. 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.

To assist in its measurement of credit risk, the Bank has introduced a system of internal ratings. See "*Selected Statistical and Other Data—Lending Policies and Credit Approval Procedures*".

See Note 35.1 to the Financial Statements.

Liquidity Risk

Liquidity risk is the risk that the Bank does not have sufficient financial resources to meet its obligations arising from its financial liabilities as they fall due or to replace funds when they are withdrawn or to meet its regulatory liquidity requirements . The consequence of which may be a failure by the Bank to meet its obligations to repay depositors and to fulfil lending commitments.

The Bank's liquidity management process is carried out by the Assets and Liabilities Management Department and is monitored independently by the Bank's Risk Management Department. The Bank has adopted a comprehensive Liquidity Policy and Contingency Funding Plan, which provides for diversified funding sources, adequate liquidity buffer, substantial pool of liquid assets and decreased reliance on wholesale funding. As part of the Bank's liquidity management process it uses regulatory and internal liquidity ratios, liquidity gaps, Basel III liquidity ratios and funding base concentration. To ensure that the Bank's liquidity is managed sufficiently it (i) maintains an active presence in global money markets; (ii) maintains a diverse range of funding sources with back-up facilities; (iii) monitors its balance sheet liquidity and advances to core funding ratios against internal and CBE regulations; and (iv) manages the concentration and profile of its debt maturities. The Assets and Liabilities Management Department conducts cash flow measurement and provides cash flow projections on a daily, weekly and monthly basis.

Sources of liquidity are regularly reviewed jointly by the Assets and Liabilities Management Department and the Consumer Banking Department to maintain a wide diversification of currencies, geographical area, depositors, products and tenors.

Maturities

The following table sets forth the undiscounted cash flows payable by the Bank under non—derivative financial liabilities by remaining contractual maturities (the maturities assumption for non-contractual products are based on behaviour studies).

	As at 31 December 2016					
	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
	(EGP millions)					
Financial liabilities						
Due to banks	3,009	—	—	—	—	3,009
Due to customers	30,227	24,496	55,763	108,564	12,690	231,741
Long-term loans	50	11	85	14	—	160
Total liabilities (contractual and non-contractual maturity dates)	**33,286**	**24,507**	**55,848**	**108,579**	**12,960**	**234,910**
Total financial assets (contractual and non-contractual maturity dates)	**61,541**	**34,107**	**64,446**	**75,933**	**21,162**	**257,190**

See Note 3.3 to the Financial Statements.

Market Risk

Market risk is represented by fluctuations in fair value or future cash flow, including foreign exchange rates and commodity prices, interest rates, credit spreads and equity prices that may reduce the Bank's income or the value of its portfolios. Market risk is measured, monitored and controlled by the Market Risk Management Department. In addition, regular reports are submitted to ALCO, Board of Directors Risk Committee and the heads of each business unit.

The Bank separates exposures to market risk into trading or non-trading portfolios. Trading portfolios include positions arising from market-making, position-taking and other positions 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 and financial investments designated as "available-for-sale" and "held-to-maturity".

The Bank uses various measurement techniques to monitor and control market risk, including value at risk ("**VaR**") methodology, stress testing and non-technical measures such as asset cap and profit and loss versus stop loss limits. The Bank also undertakes various hedging strategies.

See Note 3.2 to the Financial Statements.

Interest Rate Risk

The Bank experiences interest rate risk when the values of its financial investments fluctuate as a result of changes in prevailing levels of market interest rates on both its fair value and cash flow risks. The Bank's interest margins may increase as a result of such changes but profit may decrease in the event that unexpected movements arise. Interest rate risk primarily arises from the re-pricing maturity structure of interest-sensitive assets and liabilities and off-balance sheet instruments. In order to manage interest rate risk, the Board of Directors has established limits on the gaps of interest rate re-pricing that may be undertaken. These limits are monitored by the Bank's Risk Management Department. The Bank also uses interest rate gaps, duration, duration of equity and earnings-at-risk analytical tools to manage interest rate risk and enters into interest rate swaps in respect of certain of its long-term debt.

See Note 3.2.4 to the Financial Statements.

The following table sets forth the Bank's exposure to interest rate risk and shows the Bank's financial instruments at carrying amounts, categorised by the remaining maturity of re-pricing.

	As at 31 December 2016						
	Up to 1 month	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**	**Non-interest bearing**	**Total**
				(EGP millions)			
Financial assets							
Cash and balances with central bank	—	—	—	—	—	10,522	10,522
Due from banks	34,129	16,306	7,576	—	—	0	58,011
Treasury bills and other governmental notes	3,989	4,614	32,771	—	—	—	41,374
Trading financial assets	210	222	126	1,192	363	332	2,445
Gross loans and advances to banks	23	57	81	—	—	—	161
Gross loans and advances to customers	54,210	15,258	18,453	7,764	1,620	—	97,306
Derivatives financial instruments (including IRS notional amount)	854	565	4,792	10,651	493	7	17,362
Financial investments							
Available for sale	2,106	—	49	2,699	33	561	5,447
Held to maturity	4,044	3,296	6,669	29,628	10,287	—	53,925
Investments in associates	—	—	—	—	—	37	37
Total financial assets	**99,566**	**40,318**	**70,517**	**51,934**	**12,797**	**11,458**	**286,590**
Financial liabilities							
Due to banks	2,464	—	—	—	—	545	3,009
Due to customers	86,340	23,090	20,878	62,657	1,709	37,067	231,741
Derivatives financial instruments (including IRS notional amount)	6,817	9,819	20	676	—	91	17,424
Long-term loans	50	11	85	14	—	—	160
Total financial liabilities	**95,671**	**32,920**	**20,983**	**63,348**	**1,709**	**37,703**	**252,334**
Total interest re-pricing gap	**3,895**	**7,398**	**49,535**	**(11,414)**	**11,088**	**(26,245)**	**34,256**

A negative gap denotes sensitivity and normally means that an increase in interest rates would have a negative effect on net interest income, while a decrease in interest rates would have a positive effect on net interest income. The positions are classified by the principal amount of the asset or liability that matures or is re-priced within the time period indicated.

Exchange Rate Risk

The Bank deals in a number of foreign currencies in accordance with its various lines of business. The Bank is exposed to foreign exchange rate risk as a result of fluctuations in foreign exchange rates and mismatches between its assets and liabilities, as well as through its off-balance sheet activities involving exposures to instruments denominated in different currencies. To minimise this risk, the Bank sets limits on the level of exposure by currency, and in the aggregate, for both overnight and intra-day positions, which are monitored daily.

The following table sets forth the Bank's exposure to foreign currency exchange rate risk and the Bank's financial instruments at carrying amounts, categorised by currency.

	As at 31 December 2016					
	EGP	**U.S.$**	**EUR**	**GBP**	**Other**	**Total**
			(EGP millions)			
Financial assets						
Cash and balances with central bank..	6,718	3,348	288	73	95	10,522
Due from banks.................................	24,091	26,223	6,578	820	297	58,011
Treasury bills and other governmental notes..	27,522	12,514	1,338	—	—	41,374
Trading financial assets.....................	2,445	—	—	—	—	2,445
Gross loans and advances to banks.....	—	161	—	—	—	161
Gross loans and advances to customers	42,174	52,235	2,474	115	307	97,306
Derivatives financial instruments (including IRS notional amount)........	262	7	—	—	—	269
Financial investments						
Available for sale...............................	1,497	3,950	—	—	—	5,447
Held to maturity	53,925	—	—	—	—	53,925
Investments in associates	37	—	—	—	—	37
Total financial assets	**158,671**	**98,440**	**10,679**	**1,008**	**699**	**269,497**
Financial liabilities						
Due to banks......................................	2,631	285	14	17	61	3,009
Due to customers...............................	131,213	89,083	10,051	985	408	231,741
Derivatives financial instruments.......	240	91	—	—	—	331
Long-term loans	160	—	—	—	—	160
Total financial liabilities..................	**134,245**	**89,460**	**10,066**	**1,002**	**469**	**235,241**
Net on-balance sheet financial position	**24,427**	**8,980**	**613**	**7**	**230**	**34,256**

See Note 34.2 to the Financial Statements.

Operational Risk

Operational risk is the risk of losses resulting from inadequacies or failures of internal processes performed by employees, information systems and technology, as well as other internal and external events. The Bank has developed an operational risk framework and related policies and procedures to reduce operational risk exposure. This framework includes the implementation of a loss database, risk control self-assessment and the use of key risk indicators.

Anti-Money Laundering

The Bank's Anti Money Laundering Compliance Programme is in full compliance with CBE guidelines. The Bank's Anti Money Laundering Compliance Programme prohibits dealings with shell banks and firms, prohibits opening or maintaining anonymous or numbered accounts and requires continuous training programmes for existing and new employees. The Bank's Anti-Money Laundering policies include: (i) using standardised account opening forms that allow the bank to fully implement its Know Your Client ("**KYC**") policies; (ii) monitoring and reporting suspicious transactions; and (iii) record and document retention policies, which require transaction records and documents to be maintained for a minimum of five years. The adequacy of the Bank's compliance function is reviewed by the Bank's internal audit function.

The Bank's Compliance Department was established in March 2007 as an independent entity to guard the Bank and its stakeholders against a full spectrum of compliance risks, including regulatory, governance, legal, fraud, reputational, money laundering and terrorism financing. The Anti-Money Laundering and Terrorism Financing Division of the Compliance Department is directly involved in monitoring transactions with branches and other business areas to ensure that all account opening requirements are obtained, KYC data are sufficient for new clients and that KYC information is updated for the Bank's existing customer base. The Division conducts spot checks on the Bank's branches to verify the adequacy of the Bank's Anti Money Laundering Compliance Programme and to address any identified gaps and has invested in an advanced automated Anti-Money Laundering solution to conduct more accurate analysis.

The Anti-Money Laundering and Terrorism Financing Division is also responsible for screening customer transactions, including incoming and outgoing payments for individuals and entities that appear on sanctions lists, as well as those between sanctioned countries. Since January 2013, the Anti-Money Laundering Division has been responsible for handling the preparation and implementation for FATCA requirements for U.S. individuals and entities in co-ordination with other divisions of the Bank.

Principal Committees

The Bank has established the ALCO, the High Lending & Investment Committee, the Affiliates Committee, the Consumer Risk Committee, the Senior Business Banking Committee, the Operational Risk Committee, the Sustainability Advisory Board and the Operations and IT Committee to assist with the Bank's risk management function.

Asset & Liability Committee

The overall asset and liability position of the Bank is monitored and managed by the ALCO. The ALCO monitors the Bank's liquidity and market risks, economic developments, market fluctuations and risk profile to ensure that the Bank's activities comply with the risk guidelines and limits set by the Board of the Directors. The ALCO consists of five members and reports to the Board of Directors. The ALCO is chaired by a Chief Executive Officer and is composed of senior representatives from the Risk, Treasury, Institutional Banking and Consumer Banking groups.

High Lending and Investment Committee

The High Lending and Investment Committee's main responsibilities are to manage the assets side of the Bank's balance sheet and to monitor assets allocation, quality and development and the adequacy of provisions coverage. The High Lending and Investment Committee reviews and, if appropriate, approves the Bank's large credit facilities and equity investments. See "*Selected Statistical and Other Data—Lending Policies and Credit Approval Procedures*". The Chairman of the Committee is an Executive Board Member. The High Lending and Investment Committee consists of a minimum of four members, including the Chief Executive Officer of Institutional Banking, the Chief Risk Officer and other senior officers of the Bank and it reports to the Board of Directors. The High Lending and Investment Committee typically convenes once a week. The High Lending and Investment Committee convened 52 times in 2016.

Affiliates Committee

The Affiliates Committee's main responsibilities are to steer and manage the Bank's affiliates and to act as a think tank for the setting and implementation of all strategic goals. The Affiliates Committee also proposes investment opportunities to the Board and is involved in the approval of annual and interim reviews and matters involving capital increases and redemptions The Affiliates Committee consists of six members, including one member of the Board of Directors, the Chief Executive Officer for Institutional Banking, the Chief Financial Officer, the Head of Direct Investments, the Head of Credit and Investment Exposure Management and a member of the Strategic Planning Department. The Affiliates Committee reports to the Board of Directors.

Consumer Risk Committee

The Consumer Risk Committee's main responsibilities are to manage, approve and monitor the quality and growth of the Bank's consumer and business banking portfolio in accordance with the current risk appetite of the Bank, the prevailing market trends and the guidelines set forth in the Bank's Consumer Credit Policy Guide, which is approved by the Board of Directors. The Consumer Risk Committee consists of five members, including the Chief Risk Officer, the Head of Retail and Business Banking and representatives of the Risk Group and other business departments, and reports to the Board of Directors.

Senior Business Banking Committee

The Business Banking Committee's main responsibility is to review and, if appropriate, approve credit facilities for business banking transactions in line with the Bank's risk appetite, internal guidelines and taking into account prevailing market conditions. The Business Banking Committee consists of three members, including the Head of Retail and Business Banking and a senior representative from the Risk Group and another business area, and reports to the Board of Directors.

Operational and Reputational Risk Committee

The Operational and Reputational Risk Committee's main responsibilities are to oversee operational and reputational risk management functions and processes, monitor operational and reputational risks faced by the Bank, approve appropriate frameworks to enhance the operational and reputational risk culture of the Bank and monitor the Bank's compliance with the operational and reputational risk framework and regulatory requirements. The Operational and Reputational Risk Committee consists of five voting members: the Chief Risk Officer, the Chief Operating Officer, the Chief Executive Officer of Consumer Banking, the Chief Executive Officer and the Head of Risk Management.

Sustainability Advisory Board

The Sustainability Advisory Board's main responsibilities are to develop strategic sustainability initiatives and corporate sustainability best practices in accordance with the Bank's Corporate Sustainability Framework, and to establish and monitor teams to conduct sustainability projects. The Sustainability Advisory Board meets at least quarterly or more frequently, as required.

Operations and IT Committee

The Operations and IT Committee's main responsibilities are to oversee the Bank's operations and technology functions, as well as the management of operational and technological risks, to assist with development of the Bank's operations and technology strategy and to review investment opportunities in line with such strategy. The Operations and IT Committee consists of two Non-Executive Members of the Board of Directors (Mr. Mirza (Chairman) and Dr. Kamel). The Operations and IT Committee meets at least quarterly or more frequently, as required.

See also "*Management and Corporate Governance—Corporate Governance*".

BUSINESS

Introduction

The Bank is a full-service, Egyptian commercial bank, which (according to figures compiled by the Bank), as at 31 December 2016 was the most profitable Egyptian private sector bank by net income, the largest private sector bank in Egypt in terms of revenue and had the largest loan and deposit market share among all Egyptian private sector banks.

The Bank's core business is focused on corporate and consumer banking. The Bank provides a wide range of wholesale banking products and services to its corporate clients, financial institutions and Government entities. The Bank's corporate activities are extensive, cover most economic sectors in Egypt and include the financing of large-scale infrastructure and other projects and arranging syndicated loans. The Bank offers a wide range of consumer banking products and services, including personal loans, auto loans, deposit accounts, residential property finance, wealth management, insurance and credit and debit cards. As at 31 December 2016, the Bank had 948,594 customers, as compared to 710,195 customers as at 31 December 2015.

According to figures compiled by the Bank, as at 31 December 2016, the Bank's market share of deposits was 8.4%, its share of loans and advances was 7.6%, and its share of total banking sector assets was 6.7%.

As at 30 June 2017, the Bank had a network of 172 branches and 23 units located throughout Egypt, as well as a wide range of alternative distribution channels comprised of more than 807 ATMs, internet banking, 10,872 points-of-sale and a call centre.

In addition to traditional banking services, the Bank offers wealth management securitisation, direct investment and treasury services to its clients. The Bank also offers asset management, investment banking, brokerage, research, insurance, leasing, factoring and security services through its subsidiaries and associate companies.

Shares of the Bank were first listed on the Cairo and Alexandria Stock Exchange (since renamed the EGX) in February 1995, and Shares in the form of GDRs were first listed on the London Stock Exchange in July 1996. As at 31 December 2013, Actis CIB Mauritius Limited, an emerging markets private equity firm, managed by Actis LLP, owned 9.1% of the Bank's Shares. In March 2014, Actis CIB Mauritius Limited sold a portion of its interest in the Bank, representing 2.6% of the Bank's total Shares, to international investors. On 19 May 2014, Actis CIB Mauritius Limited sold its remaining 6.5% interest in the Bank to Fairfax Financial Holdings Ltd.

For the year ended 31 December 2016, the Bank's net profit was EGP 5,462 million, as compared to EGP 4,228 million for the year ended 31 December 2015 and EGP 3,326 million for the year ended 31 December 2014. As at 31 December 2016, the Bank's total assets were EGP 267,700 million, as compared to EGP 179,536 million for the year ended 31 December 2015 and EGP 143,830 million for the year ended 31 December 2014. As at 31 December 2016, the Bank's return on average assets was 2.71%, as compared to 2.95% as at 31 December 2015 and 2.94% as at 31 December 2014. As at 31 December 2016, the Bank's return on average common equity was 34.24%, as compared to 33.46% as at 31 December 2015 and 31.31% as at 31 December 2014.

History

The Bank is incorporated in Egypt with the Commercial Registry Office for Investment-Giza Governorate № 69826. The duration of the Bank is 100 years from 8 May 1986. The Bank's registered office is located at Nile Tower Building, 21/23 Charles de Gaulle Street – Giza, P.O. Box 2430, Cairo, Egypt. The Bank's telephone number is +202 3747 2000.

The Bank was established in the form of an Egyptian joint stock company as a private commercial bank in 1975 as Chase National Bank (Egypt) S.A.E. as a joint venture between the National Bank of Egypt ("**NBE**"), which initially held 51% of the Bank's share capital and Chase Manhattan OBC, which initially held 49% of the Bank's share capital. The original purpose of the Bank was to provide trade and project financing, as well as other banking services to the increasing number of private sector companies, including multinational companies, in Egypt.

In 1987, Chase Manhattan OBC sold its shareholding in the Bank to NBE, which, as a result, held 99.9% of the Bank's share capital, with the remaining minority interest held by employee funds of NBE and the Bank. The Bank's name was also changed to Commercial International Bank (Egypt) S.A.E., its current name.

Between February and December 1992, NBE offered tranches of its shareholdings in the Bank to employees of the Bank and NBE. As a result of these offerings, NBE's shareholding was reduced to 69.9% as at December 1992 and the total number of shareholders increased to more than 4,800.

In November 2003, there was a public offering of new Shares in the Bank pursuant to which the Bank increased its issued share capital by 30%. The transaction marked the then largest public offering of shares by an Egyptian Company and raised approximately U.S.$115 million.

In 1996, the Bank and NBE completed an offering of GDRs representing 22.2% of the Bank's share capital. The GDRs are listed on the LSE. A further 130 million GDRs of the Bank's share capital were listed on the LSE in July 2005.

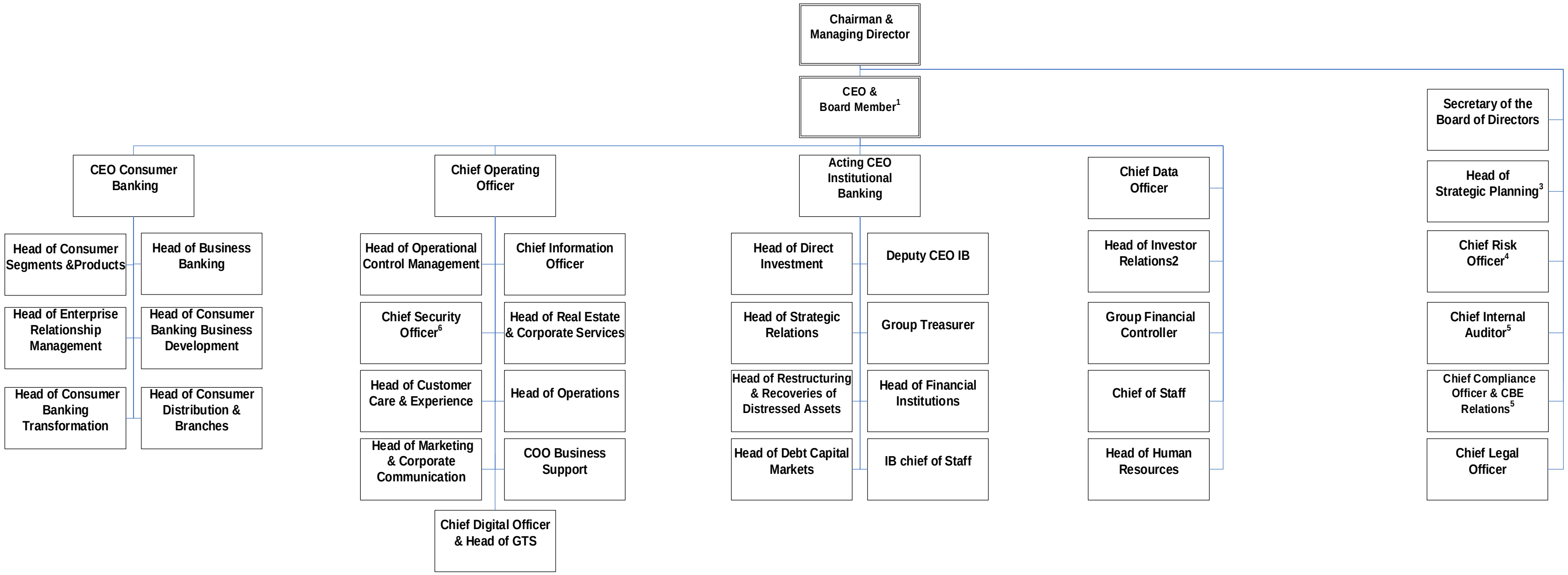
Between 1998 and 2006, the Bank established a number of strategic subsidiaries and associate companies to complement its core businesses. These companies include: CI Capital Holding Co. S.A.E. ("**CI Capital**"), which offers asset management, investment banking, brokerage and research services; Egypt Factors, a factoring company; Commercial International Life Insurance Company, which offers life insurance and retirement savings programmes; the Falcon Group, which offers security services; and Corporate Leasing Company (Egypt) S.A.E., which offers leasing services.

In 2006, a consortium led by Ripplewood Holdings acquired the NBE's remaining shareholding in the Bank.

In July 2009, Actis CIB Mauritius Limited, an emerging markets private equity firm, managed by Actis LLP, acquired 50% of Ripplewood Holding's shareholding in the Bank for U.S.$244 million. Ripplewood Holdings sold its remaining interest in the Bank through the open market. As at 31 December 2013, Actis CIB Mauritius Limited, an emerging markets private equity firm, managed by Actis LLP, owned 9.1% of the Bank's Shares. In March 2014, Actis CIB Mauritius Limited sold a portion of its interest in the Bank, representing 2.6% of the Bank's total Shares, to international investors. On 19 May 2014, Actis CIB Mauritius Limited sold its remaining 6.5% interest in the Bank to Fairfax Financial Holdings Ltd.

Organisational Structure

The chart below sets forth the organisational structure and management reporting lines of the Bank:



Description of the Bank's Principal Business Activities

Institutional Banking

According to statistics compiled by the Bank, as at 31 December 2016, the Bank is Egypt's leading private institutional bank by market share of institutional loans (7.7%) and deposits (9.1%). The Bank provides banking and other services to institutions and corporations through nine key divisions:

- ***Corporate Banking Group***, which offers financing, underwriting and advisory services to corporate clients across a variety of industry sectors (see "*—Corporate Banking*");

- ***Debt Capital Markets Division***, which offers underwriting, structuring and arrangements services for large-scale project financing, syndicated loans, bond issues and securitisations (see "*—Debt Capital Markets Division)*;

- ***Direct Investment Group***, which acts as the Bank's investment arm, offering equity finance opportunities, which have commercial value for the Bank, to existing and potential clients (see "*—Direct Investment Group*");

- ***Financial Institutions Group***, which offers a variety of products and services through its Correspondent Banking Division (which acts as a point of contact for local and foreign banks working with the Bank and accounts for approximately 91% of the Bank's Financial Institutions Group's business, predominantly in the form of contingent trade finance exposure), Non-Banking Financial Institutions Division (which provides credit facilities, liability products and services to all types of non-bank financial institutions) and Finance Programs and International Donor Funds Division (which manages sustainable development funds and credit lines provided by governmental entities and international agencies, as well as the Bank's microfinance portfolio);

- ***Strategic Relations Group***, which acts as a small focus group of professionals to provide tailor-made products and services to accommodate the unique business and operational needs of the Bank's global donor and development organisation clients; these products include secured and unsecured overdraft facilities, credit facilities, corporate credit cards, discounts on banking charges, tailored IT solutions, preferential rates on term deposits and current accounts, the installation of banking units at customer premises and special pricing for staff loans;

- ***Treasury and Capital Markets***, which offers products, including foreign exchange and money market trading activities, primary and secondary government debt trading, management of interest rate gaps and associated hedging and pricing of foreign and local currency deposits, to large corporate clients, global customer relations and business banking clients, retail and wealth clients, and the Bank's strategic relations clients. The Treasury and Capital Markets group also works with financial institutions, including funds, insurance companies and others. The Treasury and Capital Markets group is the primary pricing arm for all of the Bank's foreign exchange and interest rate products and, in 2016, was the highest net trading income segment among Egyptian private banks, with a total value of EGP 1.3 billion;

- ***Asset and Liability Management,*** which is responsible for managing the Bank's liquidity and interest rate risk, managing the Bank's "Nostro" accounts, overseeing the Bank's proprietary book and settling loan and deposit prices (see "*Asset, Liability and Risk Management—Liquidity Risk*" and "*Asset, Liability and Risk Management—Market Risk—Interest Rate Risk*"); and

- ***Global Transaction Services***, which is responsible for introducing new distribution channels and products to corporate and business banking clients and oversees the product areas for trade finance, cash management and payments and global securities services. In 2013, the Global Transactions Services Group established a GDR desk to support GDR issuers; the Bank is also the sole provider of securitisation trustee services in Egypt.

Corporate Banking

The Bank's Corporate Banking Group offers financing, underwriting and advisory services to corporate clients across a wide variety of industry sectors. The products offered by the Corporate Banking Group include corporate lending, syndicated loan services, trade finance, foreign exchange operations, guarantee and payment and account services.

Customer Base

Traditionally, the Corporate Banking Group offered services to large companies with annual sales revenues in excess of EGP 150 million. In recent years, however, the Bank has expended its corporate banking offering to include medium-sized companies with sales revenues in excess of EGP 100 million. The Bank is committed to increasing the range and volume of the services offered to medium-sized companies.

The Bank's corporate customer base represents some of the most important sectors of the Egyptian economy, including: oil and gas; power; petrochemicals; infrastructure; food and agribusiness; tourism; shipping and ports; and real estate.

Products and Services

The Bank provides corporate banking products and services to its corporate clients, including a wide range of credit products, such as loans, credit lines, overdrafts, letters of credit and bank guarantees.

As at 31 December 2016, loans to corporate customers accounted for EGP 81,907 million, or 84.2% of the Bank's loan portfolio, as compared to EGP 50,546 million, or 80.8% of the Bank's loan portfolio, as at 31 December 2015 and EGP 44,469 million, or 83.9% of the Bank's loan portfolio, as at 31 December 2014. The Bank is committed to increasing its loan portfolio, improving asset quality (through the restructuring of problematic accounts) and developing new innovative products, with a particular focus for 2017 on the following products: (i) discounting of trader receivables; (ii) securitization; (iii) escrow arrangements; and (iv) supplier finance scheme.

Debt Capital Markets Division

The Debt Capital Markets Division offers comprehensive and integrated corporate finance and investment-banking services, including underwriting, structuring and arranging large-scale project financings, syndicated loans, bond issues and securitisation transactions. The Debt Capital Markets Division also has a dedicated agency desk.

Despite the continued market turbulence, the Debt Capital Markets Division has successfully closed a number of important transactions worth more than EGP 31.4 billion in 2016, EGP 35.9 million in 2015 and EGP 31.0 billion in 2014, as well as completing a number of restructurings and refinancing of existing deals. In recent years, the Bank has been involved in deals in the infrastructure, electricity generation and transmission, petrochemicals, heavy equipment, oil and gas, telecommunications and real estate sectors, among others, and has acted as initial mandated lead arranger, agent, security agent or bookrunner (or a combination of such roles) in the majority of these transactions. In particular, in July 2017, the Debt Capital Markets Division closed two deals worth EGP 37.4 billion for Egyptian Electricity Holding Company and Egyptian Electricity Transmission Company (of EGP 19.4 billion and EGP 18 billion, respectively). The Debt Capital Markets Division expects to see a growth in transactions aimed at funding Egypt's substantial infrastructure and power investments, and in 2016 closed deals with a total issue size of EGP 3.4 billion in the bunkering and power sectors.

The Debt Capital Markets Division also structures and places complex securitisation structures, which the Bank views as a unique offering on the Egyptian market. In 2015, the division structured the first real estate developer bond issuance in the local market and was mandated to structure and place four local securitization deals with an aggregate issue size of EGP 2 billion, of which one was issued by the first microfinance originator in Egypt. In 2016, the Bank completed transactions in the aggregate of EGP 2.6 billion.

Direct Investment Group

The Bank manages a proprietary equity portfolio of various domestic and regional entities. As at 31 March 2017, it had an equity stake in over 19 companies, representing a total investment of approximately EGP 805,270,117 billion. The Bank's investment activities are focused in Egypt and the MENA region and across all industry sectors. The Bank takes ownership interests of up to 40% of a company's paid in capital. Investments are typically held for between five and seven years. In recent years, the Bank's Direct Investment Group has become increasingly more active in the venture capital sector.

The Bank's subsidiary, CI Capital, has also launched and manages six mutual funds, see "*—Subsidiaries and Associates—CI Capital Holding Co. S.A.E.*".

In January 2016, the Direct Investment Group sold the Bank's 43.38% stake in Corplease Co. to its wholly-owned subsidiary CI Capital Holding for an amount of EGP 133 million. In November 2016, the Direct Investment Group sold Egypt Factors to FIM Bank for U.S.$1.4 million. See "*Selected Statistical and Other Data—Investments and Other Earning Assets—Investments in Associates*".

Consumer and Business Banking

The Bank offers a full range of retail products and services, including personal loans, auto loans, deposit accounts, residential property finance, credit and debit cards and payroll services.

Deposits

The Bank offers a variety of interest-bearing bank accounts designed for different categories of retail customers. The Bank's deposit accounts include current and term accounts and are denominated in Egyptian Pounds and major foreign currencies, principally U.S. Dollars. Account terms vary from demand deposits to certificates of deposit with maturities of up to ten years. Tailored youth, minor, senior citizen and care accounts (through which donations can be made to others) are also offered by the Bank.

Total amounts due to customers increased by EGP 76,507 million, or 49.3%, to EGP 231,741 million as at 31 December 2016 from EGP 155,234 million as at 31 December 2015, after having increased by EGP 33,259 million, or 27.3%, from EGP 121,975 million as at 31 December 2014. The increase in amounts due to customers in each of 2015 and 2016 was primarily due to increases in demand deposits, time deposits and savings deposits. See "*Selected Statistical and Other Data—Principal Sources of Funding—Amounts due to Customers*".

Retail Lending

The Bank provides a wide range of loan products to retail customers. As at 31 December 2016, loans to individuals accounted for EGP 15,398 million, or 18.1% of the Bank's gross loan portfolio, as compared to EGP 11,977.7 million, or 21.1% of the Bank's gross loan portfolio as at 31 December 2015 and EGP 8,523.5 million, or 17.5% of the Bank's gross loan portfolio as at 31 December 2014.

The Bank currently extends the following types of loans to retail customers:

Auto loans. An auto loan may be given for a period of up to six years and a maximum of EGP 600,000 and can be up to 100% of the purchase price of the car. The Bank makes auto loans on both secured and unsecured bases, depending on the customer, and offers special products for self-employed customers.

Personal loans. The Bank offers several personal instalment loan products to meet consumers' short- and medium-term needs. The Bank offers consumer loan products with tenors of up to eight years in amounts from EGP 5,000 to EGP 500,000. For these products, the Bank has simplified its procedures in order to be able to make rapid decisions, including through the use of simplified standardised documents and the use of external credit bureaus. The Bank also offers specialised unsecured loan products to self-employed customers who own businesses that also bank with the Bank. In 2016, the Bank introduced wedding finance loans into its portfolio of loan products.

Residential Property Loans. The Bank offers several residential property products, providing loans to finance home purchases, residential construction and refurbishment and finishing. Mortgage loans offered by the Bank have maximum repayment periods of 20 years, which are available to self-employed customers, non-salaried customers and salaried customers who have transfer accounts with the Bank. Loan amounts range from a minimum of EGP 120,000 and a maximum of EGP 5,000,000. All of such loans are secured by a pledge of the purchased real estate.

Secured Overdraft facilities. The Bank offers secured overdraft facilities of amounts from EGP 10,000. All overdraft facilities are secured by certain savings accounts, certificate of deposits, funds, treasury bills or time deposits offered by the Bank.

As at 31 December 2016, the Bank was the market leader in credit and debit card payment acceptance, processing over 30% of total market volume.

Credit cards. According to figures published by the CBE, the Bank had 17% of the credit card market in Egypt (in terms of issued cards), as at 31 December 2016. As at 31 December 2016, the Bank had issued approximately 99,200 credit cards with an aggregate credit limit of approximately EGP 7,876 billion. The Bank processes its credit card transactions in house. The Bank currently offers its platinum card (with a credit limit starting from EGP 50,000), gold card (with a credit limit starting from EGP 10,000 up to EGP 49,999), classic card (with a credit limit starting from EGP 1,000 up to

EGP 9,999), Heya card (which is exclusively for female clients with a credit limit of a minimum of EGP 10,000) and com card (which is designed for online shopping with a credit limit starting from EGP 500 up to EGP 3,000). In June 2014, the Bank launched a co-branded airline credit card with Egyptair, CIB-EGYPTAIR “Mileseverywhere”, in co-operation with Mastercard.

Debit cards. According to figures published by the CBE, the Bank had approximately 14% of the debit card market in Egypt, as at 31 December 2016. As at 31 December 2016, the Bank has issued approximately 280,000 debit cards. The Bank processes its debit card transactions in house.

The Bank also issues special prepaid cards, including the International Student Identification Card (issued to young people (from 12 years old) with a maximum loading limit of EGP 17,000); the Hedeyati Card (a gift card with a maximum loading limit of EGP 2,000 or EGP 4,000 (depending on the type of card purchased); and the CIB-Thomas Cook Prepaid MasterCard (issued in co-operation with Thomas Cook to permit preloading in Egyptian Pounds and use worldwide in the relevant foreign currency).

Business Banking

In 2011, the Bank launched its “business banking” segment to acquire and develop business with retail enterprises and to offer tailor-made products and services. The business banking segment mainly serves small and medium sized (“**SME**”) companies, which contribute almost 80% of Egypt’s GDP. In 2016, the Bank established a new sales team that specifically focuses on the specific needs of the small business market.

The business banking segment offers financial packages (which, depending on the average balance deposited with the Bank, offer discounts on the Bank’s fees and charges, the services of a dedicated relationship manager and offers and services from the Bank’s subsidiary and associate companies), a business banking card to access accounts via the internet, tailor-made packages for companies within the education sector (including tuition fee payment and loan programmes, payroll services, point of sale services and wealth management services) and unsecured lending options for overdrafts, time loans and medium term loans. The Bank also offers business workshops and seminars to support its approximately 40,000 SME clients.

The business banking segment has grown each year since its launch in 2011. In 2016, new business banking clients reached 1,669, which represented an average of 139 new clients per month.

The Bank intends to expand its distribution channels to additional locations across the Egypt, in particular to industrial zones, in order to further grow the business banking segment.

Payroll services

The Bank provides payroll services to over 188,000 employees, including for corporate businesses having a corporate relationship with the Bank, as well as retail businesses having a consumer relationship with the Bank. As at 31 December 2016, the Bank’s payroll services assets portfolio was EGP 2,094 million, representing a 39% increase, as compared to 31 December 2015. As part of its payroll services, the Bank offers group life insurance policies and other special pricing and privileges for customers, depending on the package chosen. Generally, the Bank offers different pricing and benefits for its payroll services depending on the type of employer concerned.

Wealth Management

The Bank offers wealth management services to customers who maintain a minimum balance of EGP 500,000 with the Bank. Products offered to wealth management clients include a tailor-made savings account with an overdraft facility of up to 90%, preferential rates on time deposits and other preferential charges, credit and debit cards, special investment portfolios through CI Capital, secured personal loans and auto loans and mortgage loans with reduced pricing and other special features. The Bank has also established a specific segment for high-net worth clients, which offers further privileges.

Wealth management clients are offered, among other things, a dedicated wealth manager and service officers and tellers, a dedicated call centre and access to the Bank’s lounges. The Bank’s team of wealth managers is certified by the Chartered Investment Securities Institution through the International Certificate in Wealth Management.

As at 31 December 2016, the Bank had 46,025 wealth management clients, as compared to 30,773 wealth management clients as at 31 December 2015 and 25,508 wealth management clients as at 31 December 2014.

CIB Plus

In 2013, the Bank introduced CIB Plus, a new segment designed to cater to medium-net-worth individuals. CIB Plus offers simplified products, fast track services and personalised service offerings to its customers through a network of dedicated bankers. CIB Plus also aims to encourage its customers to grow their savings and product portfolios and offers an intermediate service before the relevant customer qualifies for the Bank's wealth management services. The Bank's CIB Plus customer count increased by 28% as at 31 December 2016, as compared to 31 December 2015.

Insurance

Since 2000, the Bank has offered life insurance programmes, including protection and savings packages. In 2011, the Bank also began offering general insurance. The Bank's life and general insurance programmes generate non-interest revenues in the form of fees for the Bank's consumer banking business.

In December 2015, the Bank sold its subsidiary, Commercial Insurance Life Company, to AXA. The Bank signed a bancassurance agreement with AXA, pursuant to which, the Bank benefitted from a ten-year exclusive life, savings and health distribution. In 2016, AXA introduced its first health insurance product into the Egyptian market, which is available exclusively through the Bank's distribution channels. see "*Selected Statistical and Other Data—Investments and Other Earning Assets—Investments in Associates*".

Distribution Channels

As at 30 June 2017, the Bank had a network of 172 branches (including one smart branch with various fully interactive services) and 23 units located throughout Egypt, as well as a wide range of alternative distribution channels comprised of more than 807 ATMs, internet banking, 10,872 points-of-sale and a call centre. Branches offer the full range of the Bank's products and services.

The Bank has a 24-hour call centre for current and prospective clients, which handles more than three million calls per year. The call centre supports all inquiries, requests and financial transactions.

The bank offers internet banking, telephone banking (including funds transfers), electronic settlement services, and e-payment facilities to settle customs, tax and other governmental payments. In 2016, the Bank had a 18% market share in the collection of government e-payments, making it the leading bank in Egypt for the provision of this service, according to statistics compiled by the Bank.

In 2012, the Bank launched a new internet banking service designed to allow future integration with other e-channels and to offer advanced services such as mobile banking and bill payment in. A further new online platform was introduced in 2013 and this platform is regularly developed. The Bank estimates that more than 16% of its corporate clients use its online services. In 2016, the Bank increased its digital banking offering to include: (i) CIB Smart Wallet, a mobile application that allows customers to pay bills, recharge their mobile credit, send and receive money from other CIB Smart Wallet holders and send and receive cash from any of the Bank's ATMs; and (ii) a mobile banking application for the Bank's employees.

In February 2016, the Bank launched the Digital Governance Division, which is specifically tasked with: (i) obtaining all required approvals from internal stakeholders, external regulators, the government and other public entities in relation to a proposed digital solution; and (ii) dealing with any logistical issues arising as a result of the proposal.

The following table sets forth certain information about the Bank's significant subsidiary and associates as at 31 December 2016:

Name	Country of incorporation	Ownership Interest
CI Capital Holding Co. S.A.E	Egypt	99.98%
International Company for Security and Services (Falcon)	Egypt	35.0%

CI Capital Holding Co. S.A.E.

The Bank owns 99.98% of the issued share capital of CI Capital. CI Capital is the investment banking division of the Bank and offers securities brokerage, asset management and investment banking advisory services, as well as equities and other research services, through a number of divisions and subsidiary companies. CI Capital is licensed by the Egyptian Capital Market Authority.

Investment Banking

Investment banking services are offered through CI Capital Investment Banking,, a subsidiary of CI Capital. CI Capital Investment Banking offers services for equity capital markets transactions (including private placements, initial public offerings, follow-on offerings, ADR and GDR listings and valuation advisory services), mergers and acquisitions (including buy-side and sell-side advisory services, asset disposal programmes and divestiture and management and leveraged buy-outs advisory services) and debt advisory services (in collaboration with the Bank) (including securitisations, corporate bonds and debt raising advisory services).

CI Capital Investment Banking has established itself as a leading investment bank in Egypt. Notable transactions conducted in 2016 included acting as sole financial advisor to Olayan Financing Company on its EGP 518 million acquisition of El Rashidi El Mizan in November 2015 and sole financial advisor to Actis on its EGP 959 million sale of a 7.5% stake in Edita Food Industries in June 2016, as well as high-profile transactions involving companies including Bechtel, El Sewedy Cables, Al Hokair and the Al Arafa Group.

Securities Brokerage

Securities brokerage services are offered through Commercial International Brokerage Company ("**CIBC**") and Dynamic Securities Brokerage Co., which are each subsidiaries of CI Capital. CIBC caters to institutions and high net worth individuals, while Dynamic Securities Brokerage Co. focuses on retail clients.

CI Capital offers a wide range of securities brokerage services for both retail and institutional investors and serves a wide range of global clients offering clients access to international equity markets in Egypt, Europe, the United States and the GCC. In 2013, according to statistics compiled by the EGX, CIBC was ranked as the second brokerage firm in Egypt by execution market share (with a traded volume of EGP 30.1 billion), while Dynamic Brokerage Co. moved from being ranked among the top 30 brokerage houses to among the top 20 brokerage houses according to the same source. As at 31 December 2016, according to statistics compiled by the EGX, CIBC and Dynamic Brokerage Co. had a combined market share of 9.8% of the Egyptian securities brokerage industry. Notable transactions conducted in 2016 included the initial public offering of Obour Land for Food Industries S.A.E. securities.

Asset Management

Asset management services are offered through CI Asset Management, a subsidiary of CI Capital, and a leading institutional asset management firm in Egypt with total assets under management of over EGP 9.9 billion as at 31 December 2016.

CI Asset Management manages funds and portfolios on behalf of a wide range of clients, including public and private banks, governmental institutions, insurance companies and corporate entities. CI Asset Management has launched and manages six funds: (i) Osoul, one of the largest money market funds in Egypt; (ii) Istethmar, an equity fund; (iii) Al Aman, a Sharia-compliant fund launched in co-operation with Faisal Islamic Bank of Egypt; (iv) Hemaya, a capital protected fund; (v) Thabat, a fixed income fund; and (vi) Takamal, a fixed income fund launched in February 2015..

CI Asset Management also provides portfolio management services for a wide range of the Bank's and CI Capital's clients and discretionary services to high-net-worth individuals and institutional investors.

In 2016, CI Asset Management was named "*Best Asset Manager in Egypt*" by Global Investor for the fourth consecutive year.

Research

Research services are offered through CI Capital Research, CI Capital's research department. Originally the research department of CIBC, CI Capital Research was established as a separate entity in 2005 and is staffed by industry and equity analysts covering all sectors of the Egyptian market and industries in other GCC countries. CI Capital Research provides equity and industry research and economic coverage and acts as a research centre for the Group. As at 31 December 2016, CI Capital Research covered more than 75 companies across 11 sectors in seven markets, representing an aggregate market capitalisation of U.S.$265 billion.

Falcon Group

International Security & Services Company S.A.E. (the "**Falcon Group**") is a joint venture among the Bank (40% shareholding), CIB Employees Fund (20% shareholding), Al Ahly for Marketing and Services (5% shareholding) and a number of other private entities (35% shareholding) and was established in 2006. The Falcon Group offers integrated security services through six main business lines, each of which operate as separate legal entities, as follows:

- ***Falcon for Security Services***, which offers properties and premises protection, public event security, personal protection, corporate security and safety training and industrial security services. As at 31 December 2016, Falcon Security Services provided services to clients in 515 locations and, according to statistics compiled by the Falcon Group, had a 55% market share of the Egyptian security services industry.

- ***Falcon Security Electronic Solutions***, which offers security surveillance and counter surveillance equipment, access control equipment, fire systems, safety equipment and security fences.

- ***Falcon for Cash in Transit***, which offers cash management and transit services, ATM services, money processing services and valuables transfer services. As at 31 December 2016, Falcon for Money Transfer Services had a fleet of 130 armoured vehicles and, according to statistics compiled by the Falcon Group, as at December 2016, had a market share of 35.5% of the Egyptian money transfer industry.

- ***Falcon Blue for Touristic Services***, which offers flight and hotel bookings, visa handling, tour arrangement and pilgrimages, medical insurance and other services.

- ***Falcon for General Services and Properties Management***, which offers cleaning and housekeeping, pest control, planting and maintenance services. As at 31 December 2016, Falcon for General Services and Properties Management provided services from 295 sites and, according to statistics compiled by the Falcon Group, had a 18.5% market share of the Egyptian property management industry.

- ***Falcon for Investment and Sports Marketing***, which organises tournaments and events and supplies necessary equipment.

Non-Core Activities

As part of its commitment to corporate social responsibility, the Bank undertakes a wide range of activities, including sponsoring promising talent, promoting health and environmental awareness and training and developing employees.

In 2010, the Bank established the CIB Foundation, a non-profit organisation aimed at enhancing health and nutritional services for underprivileged children in Egypt. The Foundation focuses on sustainable development initiatives and is governed by a seven member Board of Trustees chaired by the Chairman of the Bank. The Bank was awarded "Socially Responsible Bank of the Year" in May 2016 by African Banker, in recognition of CIB Foundation's work. The Bank's shareholders allocate a proportion of the Bank's net profits to the CIB Foundation on an annual basis. In 2016, EGP 69 million, or 1.5% of the Bank's net annual profit, was allocated to the CIB Foundation.

IT and Management Information Systems

The Bank's central accounting and core banking operations have been automated since the Bank's incorporation and the Bank has upgraded its systems on a number of occasions.

Between 2010 and 2012, the Bank implemented a three-year information technology overhaul during which all of the Bank's key systems were either significantly overhauled or replaced and key technology upgrades were introduced with the aim of stabilising and securing all of the Bank's information technology system. In 2015, the Bank continued its efforts to improve its technological base and launched an aggressive IT transformation programme aimed at improving IT efficiency in line with changing industry dynamics. In particular, under this programme the Bank introduced a client relationship management system ("**CRM**") across its branch network and a call centre and a customer care unit to assist its customer facing staff. CRM enables the Bank to have a real-time view of customer interactions and transactions and the ability to run targeted marketing campaigns.

In 2017, the Bank launched another transformation programme, aimed at accelerating its existing digital transformation programme while focusing on customer centricity and business demand. This programme includes the introduction of the second phase of the CRM system, which will extend CRM features (including loan origination) to business banking, and is intended to expand opportunities available to small and medium sized enterprises.

The Bank's current digital strategy is to replace the Bank's existing internet and mobile banking platform and implement new capabilities (such as bill payment, account opening and wallet integration) to improve the onboarding process for new customers. The Bank also intends to enhance its ATM network-banking platform by implementing ATM transaction monitoring systems aimed at enhancing operational control and tracking irregularities in transactions.

Recent upgrades to the Bank's information technology systems have included the introduction of the "Zero Data Loss Recovery Appliance" (a data protection solution that eliminates data loss exposure) and the establishment of a Security Operations Centre with effective security operations talent, tools and processes to provide the Bank with situational awareness and the ability to effectively and pro-actively manage and respond to real-time security events and incidents.

Competition

The Bank faces competition from state-owned and private sector banks, domestic and foreign banks and from foreign financial institutions operating in Egypt. Competition is intense and is expected to become stronger, both as more foreign banks enter the market and as the Egyptian capital markets develop further. The Bank competes largely on customer service, and to a lesser extent price, offering competitive interest rates to attract deposits, and tight spreads and margins to promote its lending activities. See "*Risk Factors—Risks Relating to the Bank—Competition*".

The Bank considers QNB Alahli (formerly National Société General Bank), Arab African International Bank, Crédit Agricole and HSBC, which are the largest private sector banks in Egypt, to be its main competitors.

The following table sets forth the market share of the Bank and its principal competitors in Egypt in terms of total assets as at 31 December 2016.

	Total assets	**Market share**
	(EGP billions)[(1)]	*(%)*
Commercial International Bank	273	6.5
QNB Alahli	193	4.6
Arab African International Bank	180	4.3
HSBC Bank Egypt	87	2.1
Crédit Agricole.	47	1.1
Total market[(2)]	**4,216**	**100.0**

Notes:

(1) Peer data and Bank data is based on company financial statements as at and for the period ended 31 December 2016.

(2) "Total market" includes banks other than the banks listed in this table.

The following table sets forth the market share of the Bank and its principal competitors in Egypt in terms of total loans and advances as at 31 December 2016.

	Total lending	**Market share**
	(EGP billions)[(1)]	*(%)*
Commercial International Bank	99	7.4
QNB Alahli	100	7.5
Arab African International Bank	72	5.4
HSBC Bank Egypt	33	2.5
Crédit Agricole.	19	1.4
Total market[(2)]	**1,344**	**100.0**

Notes:

(1) Peer data and Bank data is based on company financial statements as at and for the period ended 31 December 2016.

(2) "Total market" includes banks other than the banks listed in this table.

The following table sets forth the net profit of the Bank and its principal competitors in Egypt as at 31 December 2016.

	Net profit (EGP millions) [1]
Commercial International Bank	1,785
QNB Alahli	1,180
Arab African International Bank	1,041
HSBC Bank Egypt	1,002
Crédit Agricole.	475

Notes:
(1) Peer data and Bank data is based on company financial statements as at and for the period ended 31 December 2016.
(2) "Total market" includes banks other than the banks listed in this table.

Capital Expenditure

The Bank has historically funded its capital expenditure requirements from current cashflows. The Bank's capital expenditure for the years ended 31 December 2016, 2015 and 2014 was EGP 516 million, EGP 293 million and EGP 235 million, reflecting, among other trends, increased investment in information technology and building and construction.

The following table sets out information on the Bank's capital expenditure for the periods indicated.

	For the year ended 31 December		
	2016	2015	2014
		(EGP millions)	
Land	—	—	—
Building and construction	114	95	74
Information technology	203	107	69
Automobiles	17	1	6
Fitting out works	125	40	45
Machinery and equipment	44	50	34
Furniture and furnishings	13	—	5
Total	**516**	**293**	**235**

The Bank's principal investments currently in progress include the development of CRM and the Bank's IT transformation programme. An aggregate amount of U.S.$15.2 million has been budgeted and approved by the Board of Directors for the Bank's IT transformation programme. These investments are being funded by the Bank's internal cash flows.

The following table sets forth the Bank's principal future investments for which firm commitments have been made:

	For the year ended 31 December 2016 (EGP millions)[1]
Land	—
Building and construction	114
Information technology	203
Automobiles	17
Fitting out works	125
Machinery and equipment	44
Furniture and furnishings	13
Total	516

Note:
(1) Estimated figures.

Legal Proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings, which are pending or threatened of which the Issuer is aware) which may have or have had in the recent past (covering the 12 months immediately preceding the date of this Prospectus) a significant effect on the financial position or profitability of the Group.

Property

As at 31 December 2016, the Bank held property in the form of land (amounting to a book value of EGP 65 million) and buildings (amounting to a book value of EGP 622 million). There are no major encumbrances on the Bank's properties.

As at 31 December 2016, the Bank owns 115 of its branch properties, including its head office in Giza, and leases 76 of its branch properties. As at 31 December 2016, the Bank's operating rent expense was approximately EGP 85 million.

The Bank owns no other properties other than three warehouses, situated close to its branches, which are used for document storage.

Insurance

The Bank maintains insurance coverage in line with market practice in the Egyptian banking sector. The Bank maintains a number of insurance policies in respect of its branches and its head office, covering (among other things) cash in vaults and strongrooms, losses due to robbery and any political or violent accidents, both on and off Bank premises, technical damage to electronic equipment, risk insurance covering buildings, fixtures and fittings, contents and electronic equipment, vehicle insurance against accident, riots, strikes and terrorism, third party insurance (including loss of life) in respect of visitors to Bank premises, drivers, passengers and dispatch riders and a banker's blanket bond policy in respect of fraud and negligence, fidelity guarantee, computer crime, professional indemnity, directors' and officers' liability insurance and securities coverage, both on and off the Bank's premises. Insurance policies have been issued to the Bank by Allianz Egypt, GIG Insurance Company, Orient Takaful Insurance Company and Iskan Insurance Company.

Employees

The following table sets forth the number of employees of the Group as at the dates indicated:

	As at 31 March	**As at 31 December**		
	2017	**2016**	**2015**	**2014**
Head office and branches	6,451	6,422	5,893	5,403
Subsidiaries	—	292	301	294
Total	**6,451**	**6,714**	**6,284**	**5,697**

The Bank has experienced no material labour disputes or strikes and believes employee relations to be good. As the date of the Prospectus, the Bank does not have any collective bargaining agreements with its employees or a trade union.

The Bank has established a share incentive plan for its employees. See "*Description of the Share Capital of the Bank and Certain Requirements of Egyptian Legislation—Share Capital—History of the Share Capital of the Bank—Employee Share Ownership Plans Programme*".

Training and Development

The Bank has a training programme providing both internal and external training for its employees, to help expand and develop their technical, management and business skills. In particular, the Bank operates a number of Leadership and Development programmes, which aim to create a unified vision for all senior management, as well as specialised training for specific departments, including wealth management and specialised programmes for the Operations Department.

Transactions with Related Parties

As part of its ordinary business activities, the Bank deals with related parties (companies having common directors and sister financial institutions). Transactions between the Bank and related parties are subject to and carried out in accordance with CBE regulations. As at the date of this Prospectus, all banking transactions with related parties are conducted in accordance with the normal banking practices and regulations applied to all other customers without any discrimination.

The following table sets forth details of the Bank's loans, advances, deposits and contingent liabilities with related parties as at the dates indicated.

	As at 31 December		
	2016	**2015**	**2014**
		(EGP millions)	
Loans and advances	0.2	784.0	—
Deposits	79.5	286.7	30.0
Total	79.7	1,070.7	30.0

The following table sets forth details of the Bank's other transactions with related parties for the periods indicated.

	For the year ended 31 December					
	2016		**2015**		**2014**	
	Income	**Expense**	**Income**	**Expenses**	**Income**	**Expense**
	(EGP millions)	*(EGP millions)*	*(EGP millions)*	*(EGP millions)*	*(EGP millions)*	*(EGP millions)*
International Co. for Securities Services	0.2	0.3	0.4	83.7	0.9	49.9
Corplease Co.	—	—	30.9	0.3	41.7	31.3
Commercial Life Insurance Co.	—	—	—	—	5.0	3.3
Egypt Factors	—	—	12.9	0.1	—	—
Haykala for Investment	—	—	0.7	0.3	—	—

See Note 37 to the Financial Statements.

THE ARAB REPUBLIC OF EGYPT

Egypt is located in North Africa, bordering the Mediterranean Sea, the Red Sea, Libya, the Gaza Strip, Israel and Sudan. With a population of 72.6 million according to the 2006 Census which is estimated to have grown to 83.7 million in 2012 according to CAPMAS projections of 2.2% average growth rate per year, Egypt is the most populous country in the Middle East and the third most populous country on the African continent.

Recent Events

Commencing on 25 January 2011 and precipitated by the uprising in Tunisia, which led to the "Arab Spring" and the departure of Tunisia's long-standing president in December 2010, demonstrations and protests occurred in Cairo, Alexandria and a number of other Egyptian cities with protestors demanding the overthrow of President Mubarak. Following several weeks of unrest, President Mubarak dissolved the Government and resigned, ending 30 years in power. Power was then assumed by the SCAF, which suspended the 1971 Constitution and announced it would govern Egypt until elections were held. Demonstrations and protests, which often escalated into violence, continued throughout 2011 in response to the perceived slow pace of political change.

Egypt experienced continued political uncertainty and instability over the course of 2012. Although power was transferred to the House of Representatives, as a result of a ruling of the Supreme Constitutional Court that the law on parliamentary elections was unconstitutional, the SCAF issued an interim declaration on 17 June 2012 (the "**Interim Declaration**") granting itself more extensive powers and dissolving the House of Representatives following the Interim Declaration. Presidential elections were held in June 2012 and were won by the Freedom and Justice Party candidate, Mr. Morsi, who took office on 30 June 2012. President Morsi revoked the Interim Declaration and transferred all legislative powers to the Presidency. On 22 November 2012, President Morsi issued a decree, which, among other things, exempted presidential decisions from judicial review and tasked a constitutional assembly with drafting the 2012 Constitution. This decree sparked further unrest among protestors, who argued its effect was to immunise the actions of the President from judicial challenge and to grant him far-reaching powers. The President rescinded the majority of the provisions of the decree on 20 December 2012. The 2012 Constitution was approved by House of Representatives on 30 November 2012, although the vote was boycotted by a number of members, and approved by popular referendum on 26 December 2012.

Following further demonstrations and protests in 2013, which culminated in a revolution on 30 June 2013 calling for President Morsi's resignation following his appointment of allies as governors in 13 of Egypt's 27 governorates, the Egyptian military removed President Morsi from office. Supreme Court Chief Justice Mansour was appointed as interim President, and Mr. El-Bablawi was appointed Prime Minister of the interim Government. Prime Minister El-Bablawi resigned on 1 March 2014, and Mr. Mahlab was appointed to replace Mr. El-Bablawi.

Following further protests and demonstrations in August 2013 and following a terrorist attack on the army in the Sinai Peninsula, the interim Government declared a state of emergency and imposed a curfew (which was lifted in November 2013). In September 2013, the military launched a campaign against militants in northern Sinai, and a court banned the Muslim Brotherhood from carrying out any activities in Egypt. In December 2013, the interim Government declared the Muslim Brotherhood a terrorist organisation following a bomb blast in Mansoura. In April 2015, Muslim Brotherhood leader, Mr. Mohammed Badie, and 13 other senior members of the organisation were sentenced to death and a number of other members of the organisation were sentenced to life imprisonment, in connection with the violence following the removal of President Morsi. Subsequently, former President Morsi and a number of other Muslim Brotherhood members were sentenced to 20 years in prison for ordering the arrest and torture of protestors during a sit-in held outside the presidential palace in December 2012. Mr. Morsi has announced his intention to appeal his conviction in this case. In May 2015, following a retrial, former President Mr. Mubarak was convicted of corruption charges relating to his time in office. In May 2015, Mr. Morsi and 105 others were sentenced to death for their role in planning jailbreaks and attacks on police during the 2011 Revolution. In May 2015, the Cairo Criminal Court requested the opinion of the Grand Mufti as to whether or not death sentences in respect of former President Morsi, as well as Mr. Badie and other individuals for other convictions would be in accordance with principles of Sharia. In June 2016, Mr. Morsi's death sentence was confirmed by the Grand Mufti in June 2015 but was overturned by the Court of Cassation in November 2016, which ordered a retrial. There can be no assurance that there will not be protests, attacks or other violent or political reactions to such ruling and any retrial. *See* "*Risk Factors—Risk Factors Relating to Egypt—Significant political unrest since January 2011 has had and could continue to have a material adverse effect on the Republic generally and on its economic growth*".

In January 2014, the Constitution, which was prepared by a panel of judges and legal scholars and approved by an assembly of political, religious, union and other officials, was adopted by referendum. The Constitution came into force on 18 January 2014. In March 2014, the then-defence minister, Field Marshal Abdel Fattah Al-Sisi, announced his intention to run for the presidency and resigned from the military. Mr. Al-Sisi ran against Mr. Sabahi, the leader of the Egyptian Popular Current, in the elections and won with approximately 96.9% of the valid votes cast.

President Al-Sisi was sworn in on 8 June 2014. On 9 June 2014, Prime Minister Mahlab tendered his and the resignation of the Council of Ministers' to President Al-Sisi; who reappointed Mr. Mahlab as Prime Minister on the same day and asked him to form a new interim Government. The interim Government took office on 17 June 2014 and consisted of 34 ministers.

In November 2014, an Egyptian court acquitted former President Mubarak in connection with charges related to the killing of 240 protestors during the Revolution, but, in May 2015, former President Mubarak was convicted of corruption charges related to his time in office.

In February 2015, Egyptian aircraft bombed positions of the so-called "Islamic State" in eastern Libya, following the killing of 21 Egyptian Coptic Christians in Libya.

In March 2015, a coalition of Arab countries led by Saudi Arabia and including other GCC members, Egypt, Jordan, Morocco, Sudan and others, supported by the United States and other western governments, announced its intention to intervene in the civil war in Yemen on the side of the Yemeni government against the Houthi rebels, who have taken control of Yemen's capital, Sana'a. The coalition conducted a number of air strikes on Houthi positions in Sana'a and elsewhere, and the Saudi military deployed troops and armour on the Saudi-Yemeni border. In March 2015, Saudi and Egyptian ships were deployed to the Bab al-Mandab strait. The Government also stated its willingness to provide ground troops, if necessary, and is leading efforts to create an Arab military force under the auspices of the Arab League. In April 2015, Saudi Arabia announced the end of the air strike campaign and the beginning of Operation Restoring Hope, which is intended to focus on a political solution to the conflict, as well as to focus on counter-terrorism, in Yemen. The Government is participating in Operation Restoring Hope. At the Arab League summit held in Sharm El Sheikh in March 2015, the heads of the Arab League states agreed to the principle of creating a joint Arab military force with further details to be agreed. See "*Risk Factors—Risk Factors Relating to Egypt—Egypt is located in a region that has been subject to on-going political and security concerns and the "Arab Spring" has brought significant political instability to the region*".

In September 2015, President Al-Sisi swore in a new interim Government headed by Prime Minister Mr. Sherif Ismail, the former petroleum minister, following the resignation of Mr. Mahlab's interim Government.

Parliamentary elections, which were originally due to take place in March and April 2015 but were postponed following a ruling by the Supreme Constitutional Court regarding the constitutionality of certain provisions of the electoral constituencies law, took place between October and December 2015. On 10 January 2016, the House of Representatives held its first session, the first parliamentary session in more than three years.

In March 2016, ten new ministers, including the Minister of Justice, the Minister of Transportation, the Minister of Civil Aviation and the Minister of Finance, were sworn in by President Al-Sisi following a reshuffle of the Council of Ministers.

Since the removal of President Morsi, terrorist attacks in North Sinai, in particular, on Egyptian military bases, have increased, resulting in the deaths of soldiers and police. In July 2015, the so-called "Islamic State" launched a wave of further attacks in North Sinai which have continued in 2016. As a result of such attacks and the related security situation prevailing in North Sinai, EGAS is facing difficulties transporting gas through the Sinai Peninsula to Jordan. Smaller scale attacks have also occurred in Cairo and other cities.

In August 2016, the House of Representatives passed a VAT law, which introduced VAT at a rate of 13% for 2016/17 and 14% for 2017/18, subject to certain customary exemptions.

In October 2015, the so-called "Islamic State" claimed responsibility for the destruction of a Russian airliner in Sinai, which had departed from Sharm El Sheikh airport, in which all crew and 224 passengers were killed. Sporadic terrorist attacks resulting in fatalities have continued in 2015 and 2016, including attacks against tourists at Giza and Hurghada in January 2016. In December 2016, a bomb explosion in Kafr al-Sheikh in the Nile Delta killed a civilian and injured three policemen, and a separate bomb explosion killed six policeman near Giza. Also in December 2016, 25 people were killed in a bomb explosion in the Coptic Cathedral complex in Cairo. In May 2016, an EgyptAir aircraft en route from Paris to Cairo crashed into the Mediterranean Sea, resulting in 66 fatalities. The causes of this crash remain under investigation.

Egyptian Economy

The following table sets forth selected economic information relating to Egypt as at the dates and for the periods indicated.

Selected Economic Information(1)(2)

	2011/12	2012/13	2013/14	2014/15(3)	2015/16(3)
Domestic Economy:					
Nominal GDP (*EGP billions*)	1,657	1,844	2,102	2,430	n/a(4)
Real GDP (*EGP billions*)(5)	1,576	1,609	1,729	1,802	n/a(4)
Real GDP Growth Rate (*%*)(6)	2.2	2.1	2.2	4.2	n/a(4)
Consumer Price Index (*%*)(7)	8.6	6.9	10.1	11.0	10.2
Balance of Payments					
Exports of Goods (*FOB*) (*in U.S.$ millions*)	25,072	26,988	26,023	22,245	18,075
Imports of Goods (*CIF*) (*in U.S.$ millions)*	(59,211)	(57,683)	(60,182)	(61,306)	(56,311)
Current Account Balance (*in U.S.$ millions*)	(10,146)	(6,390)	(2,780)	(12,143)	(18,659)
Overall Balance (*in U.S.$ millions*)	(11,278)	237	1,479	3,725	(2,813)
Net International Reserves (*in U.S.$ millions*)	15,534	14,936	16,687	20,082	17,546(8)
Months of Import Coverage(9)	3.1	3.1	3.3	3.9	3.7
Public Finance (*EGP millions*)(10)					
Total Revenues	303,621	350,322	456,787	465,241	487,925
Total Expenditure	470,987	588,187	701,515	733,350	810,181
Overall Fiscal Deficit	(166,705)	(239,719)	(255,439)	(279,430)	(339,495)
Overall Deficit (*% of GDP*)	10.1	13.0	12.2	11.5	12.3
Primary Deficit (*% of GDP*)	3.8	5.0	3.9	3.6	3.5
Gross External Debt/GDP (*%*)	12.5	16.4	15.7	15.0	17.9

Notes:

(1) The fiscal year in Egypt runs from 1 July to 30 June. See "*Presentation of Information*".
(2) The figures in this table have been revised and differ from previously published data.
(3) Preliminary data.
(4) Full year GDP figures for 2015/16 are not available as at the date of this Base Prospectus. According to estimates published by the IMF, real GDP is expected to grow by 4.3% in 2015/16.
(5) Real GDP is calculated using constant prices using 2006/07 as the base year for 2009/10, 2010/11 and 2011/12 and using 2011/12 as the base year for all subsequent years.
(6) Percentage change from previous year.
(7) Annual rate of change.
(8) As at 31 December 2016, net international reserves were U.S.$24.3 billion.
(9) Imports of goods.
(10) All figures presented for 2015/16 budget results are the preliminary estimates of the Ministry of Finance and are subject to revision and amendment, which may be material.

The Republic's economy grew significantly in the period from 2004/05 to 2009/10 (at an average annual rate of 5.9%), primarily due to economic, fiscal and monetary reforms implemented during that period. However, while the unemployment rate fell during this period, the youth unemployment rate remained high. Following the 2011 Revolution, the growth rate of the economy (in real GDP terms) slowed significantly to 1.8% in 2010/11, 2.2% in 2011/12, 2.1% in 2012/13 and 2.2% in 2013/14 before increasing to 4.2% in 2014/15. For the period from July 2015 to March 2016, real GDP grew by 4.3%, as compared to 4.8% in the corresponding period in 2014/15. The recent decrease in GDP growth was primarily driven by an approximately 25% contraction in the tourism sector and a 33.2% contraction in the extractive industry sector. See "*Risk Factors—Risks Relating to Egypt—Economic concerns*".

Annual headline inflation, as measured by the consumer price index (the "**CPI**"), was 10.1% in 2010, 7.1% in 2011, 7.1% in 2012, 9.5% in 2013, 10.1% in 2014 and 10.4% in 2015. Annual headline CPI increased to 23.27% in December 2016, as compared to 19.43% in November 2016, while annual core CPI increased to 25.86% in December 2016 from 20.73% in November 2016. See "*Risk Factors—Risks Relating to Egypt—Inflation*".

Net international reserves with the CBE decreased by U.S.$2.5 billion, or 12.6% in 2015/16, to U.S.$17.5 billion as at 30 June 2016, which represented 3.7 months of merchandise imports, as compared to U.S.$20.1 billion as at 30 June 2015, which represented 3.9 months of merchandise imports. Net international reserves were U.S.$24.3 billion as at 31 December 2016, as compared to U.S.$17.5 billion as at 30 June 2016, representing an increase of 38.9%.

The exchange rate of the Egyptian Pound has been volatile when measured against the U.S. Dollar, the Euro and other major foreign currencies. In March 2016, the Egyptian Pound was devalued against the U.S. Dollar by 13%, representing the then-largest devaluation of the Egyptian Pound in more than ten years. On 3 November 2016, the CBE announced the move to a liberalised exchange rate regime and other measures in order to quell distortions in the domestic foreign currency market and reduce foreign exchange shortages. Pursuant to the new exchange rate regime, banks and other market participants are at liberty to quote and trade at any exchange rate, and bid and ask exchange rates are expected to be determined by supply and demand. As a result, the Egyptian Pound depreciated against the U.S. Dollar to EGP 14.6350 per U.S.$1.00 (buy rate) on 3 November 2016, as compared to EGP 8.7700 (buy rate) per U.S.$1.00 on 2 November 2016. On 11 January 2017, the market exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = EGP 18.6358, representing a 52.9% depreciation since 2 November 2016. On 26 September 2017, the market exchange rate (buy rate), as published by the CBE, was U.S.$1.00 = EGP 17.6011.

Net foreign direct investment in Egypt ("**FDI**") were U.S.$4.0 billion in 2011/12 (representing 1.4% of GDP), U.S.$3.8 billion in 2012/13 (representing 1.3% of GDP), U.S.$4.2 billion in 2013/14 (representing 1.4% of GDP), U.S.$6.4 billion in 2014/15 (representing 1.9% of GDP) and U.S.$6.8 billion in 2015/16 (representing 2.4% of GDP). To encourage FDI inflows, the Government has taken a number of steps, including, among others, the introduction of amendments to legislation on investments, mining and competition, the payment of a significant portion of arrears due to international oil and gas companies and the settlement of a large number of investor disputes.

THE BANKING SECTOR IN EGYPT

Central Bank of Egypt

The CBE was founded in 1961 and is an autonomous public legal entity governed by Law № 88 of 2003, which outlines the CBE's authority and responsibilities. The CBE is the issuer of all Egyptian currency and banknotes. It is responsible for formulating and implementing monetary, credit and banking policy, maintaining price stability, managing Egypt's gold and foreign reserves and regulating and supervising the banking sector.

Monetary Policy

Since 2005, the CBE has taken various steps to modernise its monetary policy formulation and operations. Several institutional and operational changes have been initiated to facilitate monetary policy formulation and assessment and provide the foundations for formally adopting an inflation-targeting regime, once certain pre-requisites have been met, including, inter alia, the CBE being in a position to announce annual inflation targets, the further enhancement of the CBE's data gathering and forecasting systems and developing a communication strategy. The monetary policy framework is published on the CBE's website.

The CBE's current monetary policy is to seek to control and gradually reduce inflation over the medium-term to enhance external competitiveness, while maintaining an active and orderly foreign exchange market that reflects supply and demand. In particular, in recent years the CBE has maintained a monetary policy that has sought to stimulate the economy amidst reduced investment and growth, without jeopardising price stability. Since December 2015, the Monetary Policy Committee (the "**MPC**") has raised policy rates by 600 basis points in order to anchor inflation expectations and maintain price stability over the medium-term.

Institutional changes

- The Coordinating Council on Monetary Policy, headed by the prime minister, was established in January 2005 to enhance consistency between monetary and fiscal policy.

- The MPC convenes every six weeks to decide on appropriate actions with respect to key policy rates. The MPC consists of nine members, including the CBE's governor and two deputy governors. To enhance transparency, the MPC's decisions are communicated to the market through a monetary policy statement, which is released on the CBE's external web-site following each MPC meeting.

Operational changes

- In December 2004, the CBE formally launched an online interbank system for foreign exchange trading, consolidating the supply of foreign exchange in the banking system whereby most banks became capable of satisfying their clients' foreign exchange needs, eroding the unofficial foreign exchange market and causing the Egyptian Pound to appreciate against the U.S. Dollar.

- In June 2005, the CBE introduced an interest rate corridor for the CBE's two standing facilities, the overnight lending and deposit facility. The interest rates on the two standing facilities define the ceiling and floor of the corridor. By setting the rates on the standing facilities, the MPC determines the corridor within which the overnight rate can fluctuate. Steering the overnight rate within this interest rate corridor is an operational target of the CBE.

- In October 2009, the CBE introduced a core CPI index, derived from the headline CPI published monthly by CAPMAS. The core CPI index excludes fruit and vegetable prices, which largely depend on volatile weather and harvest conditions, and administered prices. The index has helped the CBE better formulate and communicate its views on underlying inflationary pressures. The core CPI index has also served as an important tool in efforts to prevent inflationary spill-over from food and certain energy price volatility. In March 2011, as part of the monetary policy measures taken by the CBE to manage market liquidity following the 2011 Revolution, the CBE introduced repurchasing agreements to its monetary policy operational framework. The CBE decided to use a seven day repurchasing agreement as the main monetary policy tool, issued each Tuesday. In June 2012, the CBE added longer term 28-day repurchasing agreements to its monetary policy operational framework to be issued once every month. On 2 April 2013, deposit operations were designated as a tool to absorb excess liquidity. The deposit auctions have seven days' maturity with a fixed annual interest rate. The interest rate was increased from 10.25% to 12.25% in March 2016.

The Egyptian Banking Sector

The CBE has been implementing the banking sector reform programme launched by the Government in September 2004. Since then, significant progress has been made in the banking sector, foreign exchange market and monetary policy. Improvements have included the consolidation of the banking sector, the divestiture of state-owned banks' stakes in joint venture banks, the strengthening of the capital base of Egyptian banks, the sale of 80% of Bank of Alexandria to Italy's Intesa Sanpaolo Group, the ongoing restructuring of the remaining state-owned banks, and the strengthening of the supervisory capacity of the CBE.

In 2002, the Egyptian banking sector comprised seven fully state-owned banks (including four commercial banks, a real estate bank, an industrial development bank and an agricultural bank) and 50 private banks (of which 25 were foreign majority-owned, including 15 branches of foreign banks). Subsequent banking reform has been primarily driven by an increase in the minimum capital requirement for banks from EGP 100 million to EGP 500 million, leading to a structural change in Egypt's banking sector. The number of banks decreased from 52 banks in December 2004 to 40 banks in December 2013. The total number of branches increased from 2,841 in 2004 to 3,657 in 2013.

The divestiture of public sector banks' stakes in joint venture banks has had a positive impact on Egypt's banking sector, as it has attracted a number of European and regional banks (such as, *Intesa Sanpaolo*, HSBC and Union National Bank). International banks, which were already active in the Egyptian banking sector (such as, *Crédit Agricole* and *Société Générale*), have consolidated their positions in the market, either through new acquisitions or through raising their shareholdings in their existing Egyptian subsidiaries. For example, on 22 January 2013, the CBE's Board of Directors approved the acquisition of *National Société Générale Bank-Egypt* by QNB Group.

The following table sets forth the aggregate financial position of banks in Egypt as at the dates indicated.

Aggregate Financial Position of Banks

	As at 30 June				
	2012	**2013**	**2014**	**2015[(1)]**	**2016[(1)]**
			(EGP millions)		
Assets					
Cash	14,534	29,227	27,276	27,381	31,432
Securities and Investments Treasuries	555,326	653,889	825,524	1,016,025	1,283,616
CBE Notes & Certificates of Deposit Balances with Banks in Egypt	104,269	131,326	174,786	240,336	374,644
Loans and Discounts	978	953	963	1,500	1682
Balances with Banks	75,905	77,012	78,742	54,834	51,074
Loans and Discounts	2714	1,800	2,284	1,520	1,391
Loans and Discount Balances for customers	506,736	549,120	587,852	717,999	942,727
Other Assets	109,390	123,275	122,693	142,404	162,601
Total Assets	**1,366,160**	**1,563,849**	**1,816,873**	**2,198,979**	**2,846,094**
Liabilities and Capital					
Capital	67,345	72,061	77,555	92,550	100,726
Reserves	25,539	35,838	47,022	50,080	63,002
Provisions	54,127	61,264	62,777	66,049	66,880
Long-Term, Loans and Bonds	27,840	30,312	30,168	38,453	48,532
Obligations to Banks in Egypt	19,009	25,608	17,858	20,763	60,551
Obligations to Banks abroad	14,792	15,222	14,699	30,147	86,060
Total Deposits	1,023,517	1,186,985	1,429,432	1,734,178	2,116,117
Other Liabilities, *of which:*	133,991	136,559	137,362	166,759	304,226
Cheques Payable	*4,848*	*4,850*	*6,880*	*8,175*	*10,984*
Total Liabilities	**1,366,160**	**1,563,849**	**1,816,873**	**2,198,979**	**2,846,094**

Source: CBE

Note:

(1) Since March 2015, data relating to Arab International Bank have been included in data relating to the aggregate financial position of banks in Egypt.

The following table sets forth the composition of deposits with all domestically operating banks as at the dates indicated.

Aggregate Financial Position of Banks[(1)]

	As at 30 June				
	2012	**2013**	**2014**	**2015**	**2016**
			(EGP millions)		
Total Deposits	**1,023,517**	**1,186,985**	**1,429,432**	**1,734,178**	**2,116,117**
Demand Deposits..	133,704	167,939	215,870	308,915	354,033
Time and saving deposits and saving accounts	851,117	974,286	1,157,976	1,330,179	1,641,305
Blocked or retained deposits...........................	38,696	44,759	55,586	95,084	120,779
Local Currency Deposits...............................	**777,807**	**896,477**	**1,093,686**	**1,369,674**	**1,691,590**
Demand Deposits..	86,742	110,598	150,297	236,440	275,374
Time and saving deposits and saving accounts	666,996	759,515	907,531	1,054,047	1,318,564
Blocked or retained deposits...........................	24,069	26,364	35,858	79,187	97,652
Foreign Currencies Deposits........................	**245,711**	**290,508**	**335,747**	**364,504**	**424,527**
Demand Deposits..	46,963	57,341	65,573	72,475	78,659
Time and saving deposits and saving accounts	184,121	214,771	250,445	276,132	322,741
Blocked or retained deposits...........................	14,627	18,395	19,728	15,897	23,127

Source: CBE

Note:

(1) The figures in this table have been revised and differ from previously published data.

Banking Supervision

The objective of the Banking Supervision unit at the CBE is to maintain the financial stability of the banking system as well as the soundness of banks operating in Egypt. The Banking Supervision unit aims to achieve this objective through on-site and off-site supervision, macro prudential surveillance and by implementing a risk-based approach to supervision.

Reporting of prudential requirements, periodical financial data and credit registry data by banks takes place via electronic linkage between banks and the CBE. The first private credit bureau, I-Score, which was established by 27 Egyptian banks and the Social Development Fund and commenced operations in the first quarter of 2008, provides credit information on natural persons and SMEs to its members, including financial institutions, mortgage lenders, credit card companies and mobile phone operators.

The key regulations currently imposed by the CBE on the banking sector include the following:

- *Basel II and Basel III:* The application of the executive instructions of Basel II standards to the Egyptian banking system commenced in 2012 and the standards have been effective for all banks since June 2013. In the context of the implementation of Pillar II of the Basel II framework, in September 2014, the CBE issued its Internal Control regulation, and, in March 2016, the CBE issued its Internal Capital Adequacy Assessment Process. In 2011 the Basel Committee on Banking Supervision agreed on a new standard, Basel III, that, *inter alia*, set new capital, liquidity and leverage requirements to be applied by 2019. In response, the CBE is continuing to implement Basel II requirements, while examining the possibility of implementation of Basel III in the Egyptian banking sector. In July 2015, April 2016 and July 2016, the CBE issued regulations regarding leverage ratios, capital conservation buffers and liquidity coverage ratios, respectively, which are being implemented according to the timetable set by the Basel Committee (see "—*Liquidity requirements*" and "—*Capital Conservation Buffer*").

- *Capital requirements*: The minimum requirement for paid up capital is EGP 500 million for domestic banks and U.S.$50 million for branches of foreign banks.

- *Capital adequacy*: Banks are required to maintain a capital adequacy ratio ("**CAR**") of at least 10.625% (including the conservation buffer) of risk weighted assets with effect from January 2016 (10% in 2012), which, in line with Basel III requirements, will increase annually by 0.625% to 12.5% in January 2019.

- *Reserve requirements*: Banks are required to maintain 10% of banks' deposits in local currency and 10% of banks' deposits in foreign currencies with the CBE. The reserve requirement for deposits in local currency was decreased from 14% to 12%, and subsequently to 10% during the first and second quarters of 2012, respectively. Local currency reserves are non-interest bearing, while foreign currency deposits receive interest at the London Interbank Bid Rate.

- *Liquidity requirements*: Banks are required to comply with a liquidity ratio of not less than 20% on the local portion of deposits and 25% in respect of the foreign portion. In order to prepare for the implementation of certain elements of Basel III, in July 2016, a new regulation on liquidity risk was issued, which requires banks to comply with two new ratios: a liquidity coverage ratio ("**LCR**") and a net stable funding ratio ("**NSFR**") of 100% in local and foreign currencies. According to the timetable set by the Basel Committee, the NSFR shall become effective immediately, while the minimum LCR requirement will be 70% in 2016, increasing to 80% in 2017, 90% in 2018 and 100% in 2019.

- *Capital Conservation Buffer*: In April 2016, a regulation regarding the requirement to maintain a capital conservation buffer was issued, requiring banks to gradually implement this buffer when calculating their minimum capital requirements, with full implementation expected in January 2019.

- *Exposure limits*: In December 2012, the CBE decided that a bank's long position in any single currency must not exceed 1% of its capital base, while total long positions in all currencies must not exceed 2% of the capital base. Similarly, a bank's short position in any single currency must not exceed 10% of its capital base, while total short positions in all currencies must not exceed 20% of the capital base. The CBE has also issued a regulation setting out exposure limits for public banks in respect of countries, financial institutions and financial groups, as a percentage of a bank's capital base.

- *Asset classification and provisioning*: The instructions concerning asset classification and provisioning issued in 1991 were replaced by regulations issued by the CBE in May 2005, to be adopted by banks in December 2005. These regulations include standards for creditworthiness and provisioning, taking into consideration the obligor risk rating for loans granted to business organisations, grading the credit risk inherent to a customer into ten categories, and required provisioning (0% to 5% as general provision, and 20%, 50%, 100% as specific provision). The regulations allow some collateral to be taken under specific conditions and include standards for consumer and SME lending and provisioning.

- *Money Market Fund ("MMF"):* In January 2016, the CBE amended the MMF regulation to prohibit banks from holding more than 2.5% of the total bank's deposits in local currency in MMF and fixed income funds or to hold 50 times the maximum limit of total bank's share in total MMFs (calculated as 2% of its going concern capital common equity), whichever is lower.

- *Credit exposure limits*: Permitted exposure to a single borrower and its related parties was lowered in January 2016 to 15% and 20%, respectively, compared to 20% and 25% in the past. Total exposures exceeding 10% of a bank's capital base should not exceed eight times its capital base. In addition, the regulation requires the risk weighting to be increased for the purposes of calculating CARs where the total credit facilities granted to the top 50 bank's clients and their related parties exceed 50% of the bank's credit portfolio. In addition, the total exposure of foreign banks' branches to the top 50 clients and their related parties must not exceed 50% of the bank's capital base.

Current exposure limits to connected parties are as follows.

- o Banks are not allowed to grant any type of credit facilities or guarantees to their board of directors, external auditors or their respective connected parties, as well as certain major shareholders and their respective connected parties.

- o In respect of major legal entity shareholders not represented on the board of directors:

- o For public companies, the exposure should not exceed 5% of a bank's capital base and the total exposures to these companies should not exceed 10% of a bank's capital base.

- o For private companies, the exposure should not exceed 2% of a bank's capital base and the total exposures to these companies should not exceed 5% of a bank's capital base.

- o Bank management other than board members and a bank's subsidiaries are to be treated on an arm's-length basis.

Equity Participation

Banks can own up to 40% of the issued capital in non-financial companies and 100% of financial companies. The total value of these shares must not exceed a bank's total capital base.

Developer and Acquisition Finance

Among other specified general rules, banks are required to increase the risk weights applicable to high risk transactions such as developer finance and acquisition finance.

SMEs

As part of the banking sector reform in Egypt, an initiative was launched to enhance access to finance with a special focus on SMEs. Accordingly, the CBE's board of directors' issued a decree in December 2008 exempting direct finance to certain SMEs from the reserve requirements and enhancing coordination between the relevant authorities.

In 2014, Law № 141 of 2014 was enacted, which permits licensed banking entities to offer microfinance loans of up to EGP 100,000 to SMEs engaged in production, services or trading. The principal amount may be increased by up to 5% *per annum*. Such financing is supervised by EFSA.

In 2015, the CBE launched a series of initiatives to encourage SME financing, including: (i) providing definitions for micro, very small and small and medium-sized companies based on their annual revenue; (ii) requiring banks to increase the percentage of loans provided to SMEs to 20% of their total lending portfolio over the subsequent four years; (iii) supporting SMEs in the industrial and agricultural sectors by granting them loans with a 7% interest rate to fund capital expenditure.

Banking Sector Reporting Guidelines

In December 2008, the CBE issued new guidelines requiring banks to prepare their financial statements in accordance with IFRS with effect from 30 June 2011.

Ownership in Banks

The CBE's written consent is required to acquire a stake greater than 10% in an Egyptian bank, and the CBE must be notified if an ownership stake exceeds 5%.

Anti-Money Laundering Measures

Banks are required to determine the identities and the legal status of their customers and report all suspicious transactions to the Anti-Money Laundering and Combating Financial Terrorism units for the CBE. Each bank must appoint a compliance officer to ensure the effective application of the laws and to assess the effectiveness of such bank's anti-money laundering system. The banking sector also applies the relevant provisions of the U.S. Foreign Account Tax Compliance Act, as amended.

MANAGEMENT AND CORPORATE GOVERNANCE

Board of Directors

The management of the Bank's business is vested in its Board of Directors. The Articles of Association of the Bank provide that the number of Directors constituting the Bank's Board of Directors shall not be less than five nor more than eleven. The Board of Directors currently consists of seven members, one of which is an executive director.

The members of the Board of directors are elected by the General Meeting for a period of three years, renewable at the end of the term of office. The General Meeting of the Bank can appoint, replace or dismiss any member of the Board of Directors at any time.

Members of the Board of Directors elect a Chairman from among themselves. The Chairman of the Board of Directors' signature binds the bank, in additional to the signatures of those persons so delegated by the Board. In the event that the Chairman of the Board of Directors is temporarily incapacitated, the vice chairman shall assume his duties or, otherwise, the Board of Directors may appoint one of the other directors to assume his duties, in each case on an interim basis.

Pursuant to the Egyptian Companies Law, the primary functions of the Board of Directors are to manage the Bank and to undertake all matters not reserved by the Egyptian Companies Law and other applicable law to the General Meeting. See "*Description of the Share Capital of the Bank and Certain Requirements of Egyptian Legislation—Directors*". The Chairman, his deputies, managing directors of the Bank and any other director so designated has the authority to sign documents on behalf of the Bank.

The following table sets forth details of the members of the Board of Directors as at the date of this Prospectus.

Name	Age	Date of Birth	Position	Length of service on the Bank's Board	Expiration of Current Term
Mr. Hisham Ezz Al-Arab	61	18/9/1956	Chairman and Managing Director	15 years	2019
Mr. Hussein Abaza	55	10/6/1962	Chief Executive Officer and Board Member	4 months	2019
Mr. Jawaid Ahmed Mirza	59	16/8/1958	Non-Executive Board Member	5 years	2019
Mr. Yasser Zaki Hashem	57	15/12/1960	Non-Executive Board Member	4 years	2019
Dr. Sherif H. Kamel	52	16/9/1965	Non-Executive Board Member	4 years	2019
Mr. Mark William Richards	51	24/1/1966	Non-Executive Board Member	4 years	2019
Mr. Bijan Khosrowshahi	56	23/7/1961	Non-Executive Board Member	3 years	2019

The business address for each member of the Board of Directors is the registered office of the Bank at Nile Tower Building, 21/23 Charles de Gaulle Street – Giza, P.O. Box 2430, Cairo, Egypt.

Below are brief biographies of the members of the Board of Directors.

Mr. Hisham Ezz Al-Arab, Chairman and Managing Director

Mr. Ezz Al-Arab was appointed the Chairman and Managing Director of the Bank in 2002. Prior to joining the Bank, Mr. Ezz Al Arab acted as Managing Director at a number of international investment banks in London, including Deutsche Bank, J.P. Morgan and Bank of America Merrill Lynch. Mr. Ezz Al-Arab joined the Bank as Deputy Managing Director responsible for leading the Bank's modernisation and restructuring efforts in 1999 before being promoted to Chairman in 2002. Since June 2007, he has served as a Director of Master Card's South Asia, Middle East and Africa Region Advisory Board and a principal member of the American Chamber of Commerce. In November 2012, Mr. Ezz Al-Arab was elected as a member of the Board of Trustees of the American University in Cairo (AUC). In March 2013, he was also elected as Chairman of the Federation of Egyptian Banks. In January 2015, Mr. Ezz Al-Arab was awarded EMEA Finance African Banking Award "Best CEO in Egypt and the Africa Regions" for 2014 in recognition of the success of CIB under his leadership. In June 2016, Mr. Ezz Al-Arab received Euromoney's Award for Excellence for his "Outstanding Contribution to Financial Services in the Middle East". Mr. Ezz Al-Arab also serves as Chairman of the Board of Trustees of CIB Foundation.

Mr. Hussein Abaza, Chief Executive Office and Board Member

Mr. Abaza has over 30 years of experience in the financial services industry, including in both commercial banking and investment banking, and is well known in the global financial community. From October 2011 until his appointment as CEO and Board member in March 2017, he was CEO for Institutional Banking at CIB. He has previously served as the Bank's Chief Risk Officer and Chief Operating Officer and began his journey with CIB in 1985, when CIB was known as Chase National Bank of Egypt. From March 1995 to October 1999, Mr. Abaza worked as Head of Research at EFG-Hermes Asset Management. Mr. Abaza graduated with a BA in Business Administration from the American University in Cairo in 1984. He has also completed professional training in Belgium, Switzerland, the United Kingdom and the United States.

Mr. Jawaid Ahmed Mirza, Non-Executive Board Member

Prior to joining the Bank, Mr. Mirza worked as a Financial Controller of Citibank in Pakistan before holding several senior regional positions at ABN-AMRO in Central Eastern Europe, Europe, Central Asia, the Middle East and Africa and becoming Corporate Executive Vice President and Chief Financial Officer responsible for the Asian region and Australia and New Zealand. In May 2013, Mr. Mizra was appointed to the Board of Directors and assumed the responsibilities of Managing Director overseeing the day-to-day operations of Consumer Banking, COO, Finance and Information Technology. In December 2013, Mr. Mirza became a Non-Executive Board member. Mr. Mirza holds qualifications in business management from institutions including Queens Business School and Wharton Business School.

Mr. Yasser Zaki Hashem, Non-Executive Board Member

Mr. Hashem is an Egyptian lawyer admitted to the Egyptian Bar Association and the Supreme Court of Egypt. Mr. Hashem worked as a Partner at Zaki Hashem & Partners before becoming Managing Partner in 1996. Mr. Hashem focuses his practice on corporate law and he has led the largest four M&A transactions in Egypt since the January 2011 Revolution. Mr. Hashem is also a member of both the Egyptian Society of International Law and the Licensing Executive Society and is an Honorary counsel to the British Ambassador in Egypt. Mr. Hashem holds a degree in Law from Cairo University.

Dr. Sherif Hussain Kamel, Non-Executive Board Member

Dr. Kamel is the founding Dean of the School of Business at the American University in Cairo and, since 2009, has served as a professor of Management Information Systems. Dr. Kamel previously held a number of positions at the American University in Cairo, including Associate Dean for Executive Education, Director of the Primary Professional Development Department and Director of the Institute of Management Development. Prior to joining the American University in Cairo, Dr. Kamel worked as a Director of the Regional IT Institution and at the Cabinet of Egypt Information and Decision Support Centre. Dr. Kamel is a member of a number of organisations, including the World Bank Knowledge Advisory Commission, the American Chamber of Commerce in Egypt, the U.S.-Egypt Business Council, the Association of African Business Schools, the Egyptian Council for Foreign Affairs and the Rotary Organisation. Dr. Kamel received the AUC Distinguished Alumni Faculty Service Award and the UNDP National Human Resource Development Award in 2014 and the School of Business Leadership Award and the AUC President's Catalyst of Change Award for Citizenship and Service in 2013. Dr. Kamel holds a PhD in Information Systems from the London School of Economics, an MBA and BA in Business Administration from the American University in Cairo and an MA in Islamic Art and Architecture from the American University in Cairo.

Mr. Mark Williams Richards, Non-Executive Board Member

Mr. Richards is the Chairman and Chief Executive of IPGL Limited, the principal shareholder of Exotix Partners. Prior to joining IPGL Limited, Mr. Richards was a partner and the Head of Financial Services of Actis. Mr. Richards has 26 years of banking and financial services experience, including in the UK, Africa and Asia. Prior to joining Actis, Mr. Richards spent 18 years working in various positions at Barclays Bank plc, including working as Director of Group Corporate Development and Group Strategy, Chief Financial Officer and Head of Strategy, Planning and Corporate Development. Mr. Richards is a member of the World Economic Forum expert panel on SME development and is a regular contributor to financial press, including the Financial Times, The Banker and Business Day South Africa, as well as acting as a judge for "The Banker" magazine's annual awards. He has a first class degree from Oxford University in modern history and economics.

Mr. Bijan Khosrowshahi, Non-Executive Board Member

Mr. Khosrowshahi joined Fairfax Financial Holdings Limited ("**Fairfax**") in June 2009 as the President and CEO of Fairfax International. He represents Fairfax's interests as a board member a number of companies, including, *inter alia*, Gulf Insurance and Reinsurance Company in Kuwait, Bahrain Kuwait Insurance Company B.S.C., Arab Misr Insurance Group S.A.E. in Egypt, Arab Orient Insurance Company in Jordan, Gulf Sigorta A.S. in Turkey, Alliance Insurance Company P.S.C in the United Arab Emirates and Jordan Kuwait Bank in the United Kingdom. Prior to joining Fairfax, Mr. Khosrowshahi was the President and CEO of Fuji Fire & Marine Insurance Company Limited in Japan, the President of AIG's General Insurance operations in Seoul and the Vice Chairman and Managing Director of AIG Sigorta in Istanbul, Turkey. Mr. Khosrowshahi has held positions with a number of organisations, including as a council member of USO in South Korea, the Chairman of the Insurance Committee of the American Chamber of Commerce in South Korea and a member of the Turkish Businessmen's Association. He is currently a member of the U.K. Chartered Insurance Institute. Mr. Khosrowshahi holds an MBA and a BA in Mechanical Engineering from Drexel University.

Senior Management

The senior management of the Bank is comprised of the Bank's executive management team, as follows.

Name	Age	Date of Birth	Position	Length of service with the Bank
Mr. Hisham Ezz Al-Arab....................................	61	18/9/1956	Chairman and Managing Director	18 years
Mr. Hussein Abaza	55	10/6/1962	Chief Executive Officer	24 years
Mr. Ahmed Issa	47	15/6/1970	Chief Executive Officer, Consumer Banking	22 years
Mr. Mohamed Sultan..	44	18/9/1972	Chief Operating Officer	9 years
Mrs. Pakinam Essam	52	29/9/1964	Chief Risk Officer	30 years

The business address for each member of the Bank's senior management is the registered office of the Bank at Nile Tower Building, 21/23 Charles de Gaulle Street – Giza, P.O. Box 2430, Cairo, Egypt.

Below are brief biographies of the members of the Bank's senior management.

Mr. Hisham Ezz Al-Arab, Chairman and Managing Director

See "—Board of Directors".

Mr. Hisham Ezz Al-Arab, Chief Executive Officer

See "—Board of Directors".

Mr. Ahmed Issa, Chief Executive Officer, Consumer Banking

Mr. Issa is the Chief Executive Officer of the Consumer Banking Division and is a member of the Bank's Management Committee. Prior to assuming his current role, Mr. Issa held a number of positions in the banking industry, including Chairman of the Board at CORPLEASE and at Falcon Group, Chief Financial Officer at CIB, co-founder and Head of Research at Canadian Imperial Bank of Commerce and Managing Director of Investment Banking at CI Capital.

Mr. Mohamed Sultan, Chief Operating Officer

Mr. Sultan assumed the role of Chief Operating Officer in February 2015. He joined CIB in 2008 as Head of Consumer Operations and within six months was appointed as the Head of the Operations Groups. Prior to joining CIB, Mr. Sultan was the Vice President of Branches Operations and Control Management at Mashreq Bank and the Country Operations Head at the National Bank of Oman. Mr. Sultan is an alumni of INSEAD business school.

Ms. Pakinam Essam, Chief Risk Officer

Ms. Essam was appointed as the Chief Risk Officer of the Bank in January 2011. Ms. Essam joined the Bank after graduating from Faculty of Economics and Political Sciences at Cairo University and has over 25 years of experience in banking and risk management. Under her leadership, the Bank has been recognised by Asian Banker Singapore for the Middle East and Africa in the following categories: Enterprise Risk Management, Retail Risk, Liquidity Risk and Operational Risk.

Corporate Governance

As a company incorporated in Egypt and a London Stock Exchange listed GDR issuer, the Bank is not required to adopt the U.K. Corporate Governance Code issued by the Financial Reporting Council.

As a matter of best practice, however, the Bank has adopted and intends to comply with certain corporate governance structures and procedures. In 2012, the Bank's Compliance Department drafted a new Code of Corporate Governance for the Bank in line with CBE guidelines and best international practice, which the Bank implemented in September 2012. The Bank is in compliance with the corporate governance regime in Egypt.

The Board of Directors has established five standing committees that assist the Board of Directors in fulfilling its corporate governance responsibilities. See also "*Asset, Liability and Risk Management—Principal Committees*".

Audit Committee

The Audit Committee is chaired by a non-executive director and comprises three further non-executive directors The Audit Committee's mandate is to ensure compliance with the highest levels of professional conduct, reporting practices, internal processes and controls and to promote high standards of transparency and adherence to internal policies and procedures. The Audit Committee convened four times in 2016. The Audit Committee consists of Dr. Medhat Hassanein (Chair), Mr. Sherif Kamel (Member), Mr. Yasser Hashem (Member) and Mr. Mark Richards.

Governance and Compensation Committee

The Governance and Compensation Committee is chaired by a non-executive director and comprises six further non-executive directors. The Governance and Compensation Committee's main responsibilities are to establish corporate governance standards for the Group, assess the effectiveness of the Board of Directors and determine the compensation of members of the Board of Directors. The Governance and Compensation Committee also determines the appropriate levels of compensation for the Bank's senior executives and ensures that compensation levels remain consistent with the Bank's objectives, performance, strategy and control environment. The Governance and Compensation Committee convened four times in 2016. The Governance and Compensation Committee consists of Mr. Bijan Khosrowshahi (Chair) and all of the other non-executive directors.

Risk Committee

The Risk Committee is chaired by a non-executive director and comprises two further non-executive directors. The Risk Committee's main responsibilities are to assist the Board in its oversight of risk through establishing, monitoring and reviewing internal controls and risk management systems to ensure the Bank has the appropriate focus and measures in place. The Risk Committee also makes recommendations to the Board of Directors with respect to the Bank's risk strategy and risk limits. The Risk Committee convened four times in 2016. The Risk Committee consists of Mr. Mark Richards (Chair), Mr. Jawaid Mirza (Member) and Mr. Bijan Khosrowshahi (Member).

Management Committee

The Management Committee is chaired by an executive director and comprises the Chair and the executive management team. The Management Committee's main responsibilities are to implement the Bank's strategy as approved by the Board of Directors and to manage the day-to-day functions of the Bank to ensure compliance with the strategy, effective controls, risk assessment and the efficient use of resources in the Bank, as well as compliance with ethical standards, regulations and internal policies. The Management Committee also provides regular updates to the Board of Directors with respect to the Bank's financial condition and business activities and highlights any major issues. The Management Committee convened 12 times in 2016. The Management Committee consists of Mr. Ezz Al-Arab (Chairman) and the Bank's executive management team.

High Lending and Investment Committee

See "*Asset, Liability and Risk Management—Principal Committees—High Lending and Investment Committee*".

Other Directorships

In addition, to their directorships of the Bank (in the case of the members of the Board of Directors), the members of the Bank's Board of Directors and the Bank's executive management team have held the following directorships within the past five years.

Name	Current Directorships/Partnerships	Previous Directorships/Partnerships
Mr. Hisham Ezz Al-Arab	Chairman of the Board of Trustees of CIB Foundation. Chairman of the Federation of Egyptian Banks. Director of MasterCard Middle East's Regional Advisory Board. Member of the Board of Trustees on the American University in Cairo, since January 2013. Co-Chair of the Emerging Markets Advisory Council (EMAC) of the IIF (Institute of International Finance). Independent Non-Executive Director, Ripplewood Advisors MENA Holdings Ltd. Independent Non-Executive Director, Fairfax Africa and Fairfax Africa Audit Committee.	—
Mr. Hussein Abaza	—	Chairman of CI Asset Management. Chairman of CORPLEASE.

Mr. Jawaid Mirza	Founder and President of Focal One Consulting Firm. Independent director and Chairman of Risk Committee for Eurobank – Greece.	Advisor to CIB Board of Directors
Mr. Yasser Hashem	Managing Partner of Zaki Hashem & Partners, Attorneys at Law. Member of the Egyptian Society of International Law and the Licensing Executive Society. Non-Executive member Ghabour Auto. Non-Executive member Raya Holding.	—
Dr. Sherif H. Kamel	Dean of Business School of American University in Cairo. Deputy Dean of American University in Cairo for IT Management. Board Member of American Chamber of Commerce in Egypt. Board member of the Association of African Business schools.	Trustee of Sadat Academy for Management Sciences. Chairman of the Chevening Association in Egypt.
Mr. Mark Richards	—	Partner and Head of Financial ServicesActis LLP Member of World Economic Forum of SME Expert Development.
Mr. Bijan Khosrowshahi	President and CEO of Fairfax International. Board Member of Gulf Insurance Group K.S.C.P. Board Member of Gulf Insurance and Reinsurance Company. Board Member of Bahrain Kuwait Insurance Company B.S.C. Board Member of Arab Misr Insurance Group S.A.E. Board Member of Arab Orient Insurance Company. Board Member of Gulf Sigorta A.S. Board Member of Alliance Insurance Company P.S.C. Board Member of Jordan Kuwait Bank. Board Member of BRIT Limited.	CEO of Fuji Fire & Marine Insurance Company Limited President of AIG's General Insurance division in South Korea

Financial obligations of the Members of the Supervisory Board, Board of Directors in relation to the Issuer

As at 31 December 2016, there were no outstanding loans provided by the Bank to the members of its Board of Directors or its senior management.

Compensation

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 during 2016 was EGP 137.2 million, 2015 was EGP 120.8 million and 2014 was EGP 93.4 million.

There are no amounts set aside or accrued by the Bank or its subsidiaries to provide pension, retirement or other benefits to such persons.

Service Contracts

One of the members of the Board of Directors and members of senior management have service contracts with the Bank. These service contracts contain customary terms and conditions, including as to severance.

Interests of Directors

Certain members of the Bank's Board of Directors and senior management and employees have beneficial ownership interests in the Banks Shares, local stocks and GDRs.

The following table sets forth information on the holdings of the members of the Board of Directors in the Bank, together with any options over the Shares in the Bank as at 31 March 2017.

Name	Number of Shares	Percentage of Bank's total Shares
Mr. Hisham Ezz Al-Arab..	-	-
Mr. Hussein Abaza	—	—
Mr. Jawaid Mirza...	—	—
Mr. Yasser Hashem	—	—
Dr. Sherif H. Kamel..	—	—
Mr. Mark Richards	—	—
Mr. Bijan Khosrowshahi (Representing the several wholly-owned subsidiaries of Fairfax Financial Holdings Ltd.)	76,684,184	6.65%

None of the Directors hold options in respect of the Bank's Shares, other than the Executive Directors who are entitled to receive shares under the Employee Share Ownership Plans Programme. See "*Description of the Share Capital of the Bank and Certain Requirements of Egyptian Legislation—Share Capital—History of the Share Capital of the Bank—Employee Share Ownership Plans Programme*".

Conflicts of Interest

There are no actual or potential conflicts of interest between any duties owed by members of the Board of Directors or the Bank's senior management to the Bank and their private interests or other duties.

Litigation Statement about Members of the Board of Directors and Senior Management

As at the date of this Prospectus, no member of the Board of Directors or the Bank's senior management for at least the previous five years:

- have had any convictions in relation to fraudulent offences;
- have held an executive function in the form of a senior manager or a member of the administrative, management or supervisory body of any company at the time of, or preceding, a bankruptcy, receivership or liquidation of such company; or
- have been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body) or has been disqualified by a court from acting as a member of an administrative, management or supervisory body of a company or from performing a management role at any company.

PRINCIPAL SHAREHOLDERS

As at 31 August 2017 (being the latest practicable date prior to the publication of this Prospectus), the Bank had more than 11,912 shareholders, with only two (not including the Depositary) owning a 5.0% or more shareholding.

The following table lists the Bank's shareholders of record, as indicated on its share register, as at 31 August 2017, that held 5.0% or more of its outstanding Shares.

Name	Number of Shares	Percentage of Bank's total Shares
Fairfax Financial Holdings Ltd (through its several wholly-owned subsidiaries)	76,684,184	6.5%
Abu Dhabi Investment Authority	58,633,088	5.1%
Depositary	383,787,218	33%

To the Bank's knowledge, no other person or entity controls more than 5.0% of the Bank's Shares.

All holders of the Bank's Shares have the same voting rights. The Bank is not aware of any arrangements that may result in a change of control.

As at 31 December 2013, Actis CIB Mauritius Limited, an emerging markets private equity firm, managed by Actis LLP, owned 9.1% of the Bank's Shares. In March 2014, Actis CIB Mauritius Limited sold a portion of its interest in the Bank, representing 2.6% of the Bank's total Shares, to international investors. On 19 May 2014, Actis CIB Mauritius Limited sold its remaining 6.5% interest in the Bank to Fairfax Financial Holdings Ltd.

The Bank has not entered into any form of shareholders' agreement with Fairfax Financial Holdings Ltd.

In July 2009, the Bank, Actis CIB (Mauritius) Limited, Actis LLP and Ripplewood Holdings LLC entered into a letter agreement (the "**Letter Agreement**") in respect of certain corporate and governance rights, including the right of the Actis Group to appoint a director to the Bank's Board of Directors. All rights under the Letter Agreement have fallen away following the respective sales by the Actis Group Ripplewood Holdings LLC of their interests in the Bank.

DESCRIPTION OF THE SHARE CAPITAL OF THE BANK AND CERTAIN REQUIREMENTS OF EGYPTIAN LEGISLATION

The material provisions of the Bank's memorandum and articles of association in effect of the date of this Prospectus, as well as certain requirements of Egyptian law, are described below. This description is not complete and is qualified in its entirety by reference to the Bank's memorandum and articles of association and any applicable Egyptian law.

Share Capital

As at 31 March 2017, the Bank's authorised capital was EGP 20 billion. Of the authorised capital of the Bank, 1,153,886,000 shares of EGP 10 each are issued and fully paid, all of which rank *pari passu* in all respects.

The following table sets forth the authorised and issued share capital of the Bank as at the dates indicated.

	Authorised capital	**Issued and fully-paid**	
Date	**Nominal Amount**	**Number**	**Nominal Amount**
	(EGP)		*(EGP)*
31 March 2017	20,000,000,000	1,153,886,000	11,538,860,000
31 December 2016	20,000,000,000	1,153,886,000	11,538,860,000
31 December 2015	20,000,000,000	1,147,060,000	11,470,600,000
31 December 2014	20,000,000,000	908,173,000	9,081,730,000

The Shares are in registered and dematerialised form and are denominated in Egyptian Pounds. Shares are freely transferable.

The Shares cannot be held in certificated form and are registered with MISR for Central Clearing, Depositary and Registry ("**MCDR**"). The Shares are eligible for clearing and settlement through MCDR and any shareholder may request an extract from the share register showing that shareholder's shareholding and the Bank is entitled at any time to request a detailed statement of the registered owners of the Shares from MCDR. All transfers of Shares (with the exception of the GDRs) are transacted on the EGX, recorded on the electronic book-entry system of MCDR and reflected in the statements of account issued by the relevant authorised book-keeping companies.

There are no (i) Shares held by or on behalf of the Bank or any subsidiaries of the Bank; (ii) convertible securities or securities with warrants in relation to the Bank; and (iii) terms or acquisition rights or obligations over authorised but unissued capital of the Bank or any undertakings to increase the capital of the Bank. In addition, there is no capital of any member of the group, which is under option or agreed conditionally or unconditionally to be put under option.

History of the Share Capital of the Bank

Since 1 January 2014, there have been the following changes in the issued share capital of the Bank:

- pursuant to a decision of the Board of Directors dated 10 December 2013, the Bank's issued and fully paid share capital was increased by EGP 79,299,000 on 23 March 2014 in connection with the issuance of a fifth tranche of Shares under the Employee Share Ownership Plans Programme (see "*—Employee Share Ownership Plans Programme*");

- pursuant to a decision of the Board of Directors dated 11 November 2014, the Bank's issued and fully paid share capital was increased by EGP 94,748,000 on 5 April 2015 in connection with the issuance of a sixth tranche of Shares under the Employee Share Ownership Plans Programme;

- pursuant to a decision of the Ordinary General Assembly dated 12 March 2015, the Bank's issued and fully paid share capital was increased by EGP 2,294,121,000 on 10 December 2015 in connection with the distribution of one share for every four outstanding shares through the capitalisation of the General Reserve; and

- pursuant to a decision of the Board of Directors dated 10 November 2015, the Bank's issued and fully paid share capital was increased by EGP 68,057,000 on 19 April 2016 in connection with the issuance of a seventh tranche of Shares under the Employee Share Ownership Plans Programme.

Employee Share Ownership Plans Programme

In June 2006, the Extraordinary General Assembly of the Bank's shareholders resolved to establish an incentive programme for the Bank's employees and managers through employee share ownership plans pursuant to which the Bank would issue new shares totalling a maximum of 5% of its issued and fully-paid capital at par value over five years as determined by the Board of Directors. This programme was extended by five years at an Extraordinary General Assembly of the Bank's shareholders in April 2011 and expired in 2015. In March 2016, following the recommendation of the Bank's Board of Directors, the Extraordinary General Assembly approved the establishment of a new employee share ownership plan, which expires in 2025. Under the programme, the Bank has agreed to allocate 10% of its share capital (issued over a period of ten years) to employees who have worked at the Bank for at least three years and were in post as at the date of the implementation of the plan.

The number of shares granted to each employee annually is based on the employee's title, position, performance and ranking. The final approval of amounts granted is reserved to the Bank's Management Committee, apart from for those reporting directly to the Chairman and Executive Directors, the allocations for which are subject to the approval of the Governance and Compensation Committee. The granting of Shares under the plan is subject to a vesting period of three years, subject to certain exceptions, during which the employee must remain an employee of the Bank.

Denomination of Shares

The Shares are denominated in Egyptian Pounds.

Summary of the Memorandum and Articles of Association

The Memorandum and Articles of Association of the Bank contain provisions, among others, to the following effect:

Objects

The objects for which the Bank is established include:

- to assist industrial and economic development in Egypt generally, through its registration as a commercial bank; to undertake all banking and financial operations inside Egypt and abroad and, in particular, all documentary credit operations, acceptance of promissory notes, foreign currency and other operations relating to the facilitation of trade; to grant short- and long-term credit facilities to foreign and local companies and to participate in the establishment of the currency and capital markets and to generally enhance foreign investment in Egypt; the Bank shall conduct operations to facilitate commercial trade between Egypt and foreign countries, in addition to financing and servicing the investments necessary to develop and support the national economy;

- to undertake all operations that the Bank deems necessary to undertake banking and financing operations or that will assist the Bank to achieve the same, including:

    - lending moneys or providing secured and unsecured credit facilities of any duration, whether in local or foreign currency and to issue, discount and deal in bills, promissory notes, assignments, convertible securities, documentary credits and other bonds or credit that the Bank may issue and issue letters of guarantees or provide other forms of guarantee, as well as borrowing moneys or entering into other arrangements, including mortgages, to obtain financing for the Bank to settle its obligations under such loans;

    - accepting funds through deposits, loans or safe keeping, to undertake agency operations and to maintain moneys and other types of wealth as an investment agent for third parties and to manage persons' property more generally;

    - undertaking all subscription operations and obtaining possession, managing, developing, leasing and disposing of wealth in all its kinds, whether real estate or personal (including shares and other securities) inside of Egypt and abroad and participating in capital markets and currency markets (whether in borrowing operations or participation in capital) and all security stock exchange operations on behalf of third parties and undertaking investment fund activities pursuant to the capital market law and regulation;

    - acting as financial agent or financial representative to present recommendations in financial and economic matters and to provide consultancy services;

- possessing all or part of entities, business companies, trade names, goodwill or other assets of any company or person as a full or partial guarantee for any loan granted by the Bank, in lieu of payment or for the extension of the term of loans granted by the Bank;
- investing the Bank's surplus funds in securities and other investments;
- submitting applications to obtain licences and approvals to conduct the Bank's business;
- acquiring property or other rights;
- paying employee benefits, including bonuses;
- establishing affiliate companies in Egypt or abroad to undertake financial activities and other activities as may be permissible in accordance with applicable laws; and
- undertaking all other activities ancillary to or achieving the foregoing objectives and participating in, or merging with, entities that have similar objectives to the Bank (following receipt of the applicable approvals).

Rights Attaching to Shares

Attendance and Voting Rights

Under the Egyptian Companies Law, there are two types of General Meeting, Ordinary and Extraordinary.

An Ordinary General Meeting is convened annually by the Chairman of the Board. The Board of Directors may also call an Ordinary General Meeting if deemed necessary or if requested to do so by one of the Bank's auditors or by the shareholders holding or representing at least 5% of the issued capital of the Bank.

Ordinary General Meetings are convened to consider, among other matters, the election and removal of directors, the supervision and remuneration of the Board of Directors, the approval of the Bank's balance sheet and financial statements, the appointment of the Bank's auditors and the approval of their remuneration, the distribution of dividends and any other issue submitted by the Board of Directors, shareholders or any competent authority. The Ordinary General Meeting must be held within three months of the end of the Bank's financial year. The quorum for an Ordinary General Assembly Meeting is shareholders holding or representing at least 25% of the issued share capital of the Bank for an initial meeting. There are no quorum requirements for adjourned meetings, which must be held within thirty days of the first meeting. At least five members of the Board of Directors must be present at the Ordinary General Meeting. Resolutions of the Ordinary General Meeting are passed if approved by those holding the majority of Shares present or represented at the meeting.

General Meetings may be called by a notice to be published twice in two daily newspapers (one of which must be in Arabic). The second publication shall be at least five days after the first publication and at least fifteen days before the date of the General Meeting. The notice must be sent via registered mail evidenced in the Bank's ledger.

Extraordinary General Meetings are convened by the Board of Directors or by Shareholders representing at least 10% of the issued share capital of the Bank for certain serious matters. The quorum for an Extraordinary General Meeting is shareholders holding or representing 50% of the Bank's issued share capital for an initial meeting. The quorum requirement for an adjourned meeting is shareholders holding or representing 25% of the Bank's issued share capital. Resolutions of the Extraordinary General Meeting are passed if approved by shareholders holding or representing a majority of two-thirds of the Shares present or represented in the meeting or a majority of three-quarters in the event of a resolution to alter the Bank's capital, dissolve of the Bank, merge the Bank with another entity or change the objects of the Bank.

Any shareholder may attend the General Meeting in person or by proxy. Any proxy must be in writing and must be given to a shareholder (who is not a board member), except in the case of a shareholder, which is a legal person, which may give a proxy to whomever it chooses as its representative. No one shareholder may represent by proxy more than 10% of the Bank's Shares or 20% of those Shares represented in the meeting. Every ten Shares shall have one vote in the General Meeting.

Transfer of Shares

Pursuant to the Bank's Articles of Association, there shall be no restriction on the transfer of Shares of the Bank, whether the sale is in Egyptian Pounds or a foreign currency. The Shares shall be registered with one of the companies licensed to undertake central depositary or management of securities registers. The Shares shall be transferred by virtue of registration of the sale before the EGX.

Law № 88 of 2003 on the Central Bank, Banking Sector and Money (the "**Banking Law**") regulates the ownership of the share capital of banks in Egypt. Article 50 of the Banking Law requires any person (whether natural or legal) owning more than 5% and less than 10% of a bank's issued capital to notify the CBE within fifteen days.

Pursuant to articles 50 and 51 of the Banking Law, the CBE must approve any ownership in excess of 10% of the Bank's issued share capital (or any other percentage that constitutes actual control over the Bank). This approval must be obtained before acquiring ownership of the Shares or the acquisition will be void. In calculating the 10% (or any other percentage constituting actual control) of a natural person's ownership, the ownership of such person's relatives (up to the fourth degree) shall be taken into account. Similarly, the ownership interests of legal persons shall include the interests of the members of its board of directors and shareholders, whether natural or legal persons. The ownership of any legal entity controlled by the purchaser shall also be included in this calculation.

Article 51 of the Banking Law defines actual control of a natural or legal person as an ownership interest that permits the holder to control the appointment of the majority of the board members of the bank or to control in any manner its resolutions or the resolutions of a General Meeting.

CBE approval is also required under the Banking Law for acquisitions of ownership interests in excess of 10% acquired through inheritance or legacy.

Restrictions on the Deposit of Shares

Article 15 of the executive regulations of the Banking Law issued on 22 of March 2004 states that the restrictions on the share ownership described above also apply to the beneficial owners of shares or global depository receipts. The registered owner (*i.e.*, the Depositary) shall be obliged to follow the rules of such restrictions on behalf of the beneficial owners.

The CBE granted an approval to the Depositary on 26 July 2004 to increase the percentage of its ownership of the Bank's issued capital from 30% to 40% (EGP 1,300 million) without prejudice to the Law № 93 2000 issuing the Law of Depositary and Central Registry of Securities (the "**Depositary Law**"). According to Decree № 17 of 2014 of the Egyptian Financial Supervisory Authority, the Depositary must be registered with the Egyptian Financial Supervisory Authority to undertake its activities in respect of the GDRs. Such registration must take place on or before 30 June 2014. The decree requires the Depositary to (i) maintain the confidentiality of information and avoid conflicts of interest; (ii) maintain a separation between its depositary and other activities; and (iii) provide the Egyptian Financial Supervisory Authority with all required data and information in respect of the beneficial owners of GDRs, as well as in respect of the issuance or cancellation of GDRs issued against Egyptian securities.

Dividends and Liquidation

Net profit after taxation is available for distribution in accordance with the requirements of Egyptian law and the Bank's Articles of Association, as follows:

The Bank is required to establish and maintain a legal reserve to which an amount equal to 5% of annual net profits after taxation must be transferred each year unless the legal reserve is in excess of 50% of paid-in capital. The legal reserve is distributable only upon the liquidation of the Bank.

After the allocation of 5% of net profits to the legal reserve (if required), the Bank's shareholders may determine in a General Meeting to make a distribution of the net profits, in which case, net profits are required to be allocated as follows:

- a distribution to shareholders of an amount equal to 5% of the paid-in share capital of the Bank as a first dividend. If net profits are insufficient for such distribution, the shortfall may not be used to increase the payment above 5% in any subsequent year;

- a distribution of an amount not less than 10% of the Bank's profits and not exceeding the aggregate salaries of the Bank's employees to be distributed to the Bank's employees as recommended by the Board of Directors and approved by the shareholders at the General Meeting;

- a distribution of a maximum of 5% of net profits to the Board of Directors, as remuneration in line with the rules adopted by the Board of Directors; and

- a further distribution of the balance to shareholders as an additional dividend or to retained earnings, the general reserve or the special reserve as may be allocated by the shareholders at the General Meeting on the recommendation of the Board of Directors.

Payment of dividends is made through the MCDR and the Depositary and dividends must be available to be claimed annually as of the dates specified by the Board of Directors at the General Meeting, such date to be within 30 days of the General Meeting. Under Egyptian law, rights to dividends not claimed within five years of the date of payment become barred by the statute of limitations and are paid to the State Treasury. There are no additional dividend restrictions imposed under Egyptian law in respect of non-resident holders.

In the event of the liquidation of the Bank, the assets of the Bank remaining after the payment of its debts, liquidation expenses and all of its remaining obligations will be distributed first to repay in full the nominal value of the Shares, the surplus, if any, will then be distributed *pro rata* among the shareholders.

Repurchase of Shares

Pursuant to the Banking Law, the Bank is prohibited from accepting its own Shares as a security for credit facilities or from dealing in its Shares in any manner unless such Shares have been acquired by the Bank as a result of a settlement of indebtedness for the account of a third party and, provided that, the Bank shall sell such shares within six months from obtaining title to them.

Changes in Share Capital

Pursuant to the Egyptian Companies Law, an issuance of new Shares within the Bank's authorised capital may be effected by a resolution of the Bank's Board of Directors setting out the amount of the increase, the price of the new Shares to be issued and the extent to which existing shareholders are to have priority to subscribe for the new Shares. In the event of an increase of the Bank's authorised capital or an increase of the Bank's issued capital in excess of the authorised capital, an Extraordinary General Meeting will be required. Any premium payable on the issue of new Shares is paid into the special reserve. In addition, approval of the General Authority for Investment is required for any increase.

The Bank's share capital may be reduced by a resolution of the Bank's shareholders passed at an Extraordinary General Meeting, with the necessary approval of the General Authority for Investment.

An increase of the Bank's authorised share capital may be effected by a resolution of the shareholders' passed at an Extraordinary General Meeting. For such a resolution to be effective, the approval of the General Authority for Investment must be obtained.

Increases in share capital may be effected by the issue of new Shares, pursuant to a recommendation of the Board and a shareholders' resolution at an Extraordinary General Meeting either by incorporation of free reserves, for cash or for assets contributed in kind. The newly-issued Shares representing any bonus issue are distributed pro rata among shareholders, unless a shareholder waives (in writing) its right to subscribe for such Shares.

As the Bank is listed on the EGX, the Bank must also comply with the EGX Listing Rules issued on 22 January 2014, as updated on 30 May 2017. In the event of a capital increase or reduction, these rules require the Bank to submit all the necessary documentation in relation to the amendment, including a disclosure report prepared in accordance with the standard Egyptian Financial Supervisory Authority (the "**EFSA**") form. The decision of the Board of Directors relating to any capital amendment must include a delegation of power to the Chairman to undertake necessary procedures relating to the capital amendment before the relevant authorities. The EGX will publish the disclosure report and the procedures relating to the capital amendment may not be commenced until such publication. The Bank must include details of any capital increase, including the use, in the annual report of the Board of Directors (to be approved by the General Meeting) for the next two financial years.

Directors

Pursuant to the Bank's Articles of Association, the management of the Bank shall be undertaken by a Board of Directors composed of at least five members and not exceeding eleven members to be appointed by the General Meeting in accordance with the provisions of the Banking Law and applicable regulations.

Pursuant to the Banking Law, the opinion of the Governor of the CBE must be observed in the appointment of the Chairman and the Board of Directors, as well as in the appointment of the Bank's executive management. The Governor of the CBE may request the replacement of the Chairman, any director or the executive management, following consultation with the Board of Directors, if such person is found to be in violation of regulations governing the safety depositor funds and assets. If such request is not complied with by the Board of Directors, the Governor of the CBE may remove such Chairman, board member or executive management personnel by virtue of a reasoned resolution.

The General Meeting of the Bank can appoint, replace or dismiss any member of the Board of Directors at any time. Members of the Bank's Board of Directors may not be members of the board of any other banks regulated by the CBE.

Mandatory Offers

As a publicly listed company, the Bank is subject to the mandatory tender offer rules set out in Capital Market Law № 95 of 1992 (the "**Capital Market Law**"). Under Article 8 of the Capital Market Law, if any transaction would result in an acquirer obtaining more than 10% of a company listed on the EGX (or 5% if the acquirer is a board member or an employee of the relevant company), then the acquirer must notify the company two weeks prior to concluding the transfer by registered letter. The company must then notify all of its shareholders holding at least 1% of the shares and must notify and the EGX within one week of receiving the prospective purchaser's notice. If these procedures are not complied with, the transaction will be nullified.

Pursuant to the executive regulations of the Capital Market Law, any person who acquires 5% of the voting rights or capital of a company listed on the EGX (or any multiple thereof (or 3% and multiples thereof for board members and employees of the relevant company)) but not exceeding one third of the voting rights or capital of such company, must notify the EFSA and EGX within two working days from the date of conclusion of the transaction. This provision is without prejudice to Article 8 of the Capital Market Law. If the percentage acquired reaches 25% or more (but does not exceed one third) of the issued capital of the relevant company or its voting rights, the disclosure provided to the EFSA and the EGX must include details of the purchaser's future investments plan and direction in relation to the management of the company.

If any person, through one or more transactions, acquires more than one third of the voting rights or capital of the company, the purchaser must conduct a mandatory tender offer to acquire 100% of the share capital of the company.

In addition to the above, any shareholder owning more than one third and up to 50% of the shares or voting rights may then only acquire a further 2% of the share capital or voting rights of the company every twelve months, otherwise the mandatory tender offer requirements will be triggered (subject to certain conditions and restrictions). If a shareholder at any point of time owns more than 50% of the company's share capital, then it shall be obliged to issue an obligatory tender offer for 100% of the shares.

Any shareholder owning more than 50% and less than 75% of the shares or voting rights may then only acquire a further 2% of the share capital or voting rights of the company every twelve months, otherwise the mandatory tender offer requirements will be triggered (subject to certain conditions and restrictions).

Any reference to a shareholder or a person includes any related party, which is defined to include persons having entered into an agreement with respect to the acquisition of the company, those with voting agreements, affiliated and sister companies and companies under the common control of a person.

Accordingly, if any person (through shares or GDRs), alone or together with its related parties, acquires voting rights in excess of the above thresholds, such person will be obliged to conduct a mandatory tender offer. This requirement does not apply to the Depositary owning shares in its capacity as registered owner.

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

The following terms and conditions (subject to completion and amendment and excepting sentences in italics) will apply to the GDRs, will constitute a contract between the Holders (as defined therein) and the Depositary to which the Bank is not a party and will be endorsed on each Global Depositary Receipt certificate:

The Global Depositary Receipts (the "**GDRs**") evidenced by this certificate are issued in respect of ordinary shares (the "**Shares**") in Commercial International Bank (Egypt) S.A.E. (the "**Company**") pursuant to and subject to an agreement (such agreement, as amended from time to time, being hereinafter referred to as the "**Original Deposit Agreement**") dated 30th July, 1996, as most recently amended on 27 September 2017 (as amended, the "**Deposit Agreement**" and made between the Company and The Bank of New York Mellon (the "**Depositary**")). Pursuant to the provisions of the Deposit Agreement, the Depositary has appointed Commercial International Bank (Egypt) S.A.E. as custodian (the "**Custodian**") to receive and hold on its behalf the share certificates in respect of certain Shares (the "**Deposited Shares**") and all rights, securities, property and cash deposited with the Custodian which are attributable to the Deposited Shares (together with the Deposited Shares, the "**Deposited Property**"). The Depositary shall hold Deposited Shares for the benefit of the Holders (as defined below) as bare trustee in proportion to the number of Shares in respect of which the GDRs held by them are issued. In these terms and conditions (the "**Conditions**"), references to the "Depositary" are to The Bank of New York Mellon and/or any other depositary which may from time to time be appointed under the Deposit Agreement, references to the "Custodian" are to Commercial International Bank (Egypt) S.A.E. or any other custodian from time to time appointed under the Deposit Agreement and references to the "**Office**" mean, in relation to the Custodian, its office in Cairo or such other office as from time to time may be designated by the Custodian with the approval of the Depositary.

References in these Conditions to the "Holder" of any GDR shall mean the person registered as holder on the books of the Depositary maintained for such purpose. These Conditions include summaries of, and are subject to, the detailed provisions of the Deposit Agreement, which includes the form of the certificates in respect of the GDRs. Copies of the Deposit Agreement are available for inspection at the specified office of the Depositary and each Agent (as defined in Condition 17) and at the Office of the Custodian. Holders are deemed to have notice of and be bound by all of the provisions of the Deposit Agreement. Terms used in these Conditions and not defined herein but which are defined in the Deposit Agreement have the meanings ascribed to them in the Deposit Agreement.

1. **Deposit of Shares and other securities**

1.1 After the initial deposit of Shares in connection with the Offering, unless otherwise agreed by the Depositary and the Company and permitted by applicable law, only the following may be deposited under the Deposit Agreement:

1.1.1 Shares issued as a dividend, free distribution or bonus issue on Deposited Shares pursuant to Condition 5;

1.1.2 Shares subscribed or acquired by Holders from the Company through the exercise of rights distributed by the Company to such persons in respect of Deposited Shares pursuant to Condition 7;

1.1.3 securities issued by the Company to the Holders in respect of Deposited Shares as a result of any change in the par value, sub-division, consolidation or other reclassification of Deposited Shares or otherwise pursuant to Condition 10; and

1.1.4 any other Shares in issue after 30th October, 1996.

References in these Conditions to "Deposited Shares" or "Shares" shall include any such securities, where the context permits.

1.2 The Depositary will issue GDRs in respect of Shares accepted for deposit under this Condition. The Depositary may, in accordance with the terms of the Deposit Agreement and upon delivery of a duly executed order (in a form reasonably approved by the Depositary) and a duly executed certificate substantially in the form of (a) Schedule 3, Part I of the Deposit Agreement by or on behalf of any investor who is to become the beneficial owner of the Regulation S GDRs or (b) Schedule 3, Part III of the Deposit Agreement by or on behalf of any investor who is to become the beneficial owner of Rule 144A GDRs from time to time execute and deliver further GDRs having the same terms and conditions as the GDRs which are then outstanding in all respects (or the same in all respects except for the first dividend payment on the Shares corresponding to such further

GDRs) and, subject to the terms of the Deposit Agreement, the Depositary shall accept for deposit any further Shares in connection therewith, so that such further GDRs shall form a single series with the already outstanding GDRs. References in these Conditions to the GDRs include (unless the context requires otherwise) any further GDRs issued pursuant to this Condition and forming a single series with the already outstanding GDRs. Under the Deposit Agreement the Company must inform the Depositary if any Shares issued by it which may be deposited under this Condition do not, by reason of the date of issue or otherwise, rank pari passu in all respects with the other Deposited Shares. Subject to the provisions of Conditions 5, 7 and 10, if the Depositary accepts such Shares for deposit it will arrange for the issue of temporary GDRs in respect of such Shares which will form a different class of GDRs from the other GDRs until such time as the Shares which they represent become fully fungible with the other Deposited Shares.

1.3 The Depositary will refuse to accept Shares for deposit whenever it is notified in writing that the Company has restricted the transfer of such Shares to comply with ownership restrictions under applicable Egyptian law or that such deposit would result in any violation of applicable Egyptian laws or governmental or stock exchange regulations. The Depositary will also refuse to accept certain Shares for deposit when notified in writing by the Company that the Deposited Shares or GDRs or any depositary receipts representing Shares are listed on a U.S. securities exchange registered under Section 6 of the United States Securities Exchange Act of 1934 or quoted on a U.S. automated interdealer quotation system (within the meaning of Rule 144A(d)(3) under the United States Securities Act of 1933, as amended (the "**Securities Act**")), unless the Company has notified the Depositary that it has received evidence satisfactory to it that such securities were not when issued of such class of securities so listed or quoted and accompanied by evidence satisfactory to the Depositary that any Shares presented for deposit are eligible for resale pursuant to Rule 144A under the Securities Act. The Depositary may also refuse to accept Shares for deposit if such action is deemed necessary or desirable by the Depositary, in good faith, at any time or from time to time because of any requirement of law or of any government or governmental authority, body or commission or stock exchange or under any provision of the Deposit Agreement or for any other reason.

1.4 The Depositary may issue GDRs against rights to receive Shares from the Company (or any agent of the Company recording Share ownership). No such issue of GDRs will be deemed a "Pre-Release" as defined in Condition 1.5.

1.5 Unless requested in writing by the Company to cease doing so, and notwithstanding the provisions of Condition 1.2, the Depositary may execute and deliver GDRs or issue interests in a Regulation S Master GDR or an Rule 144A Master GDR, as the case may be, prior to the receipt of Shares (a "**Pre-Release**"). The Depositary may, pursuant to Condition 2, deliver Shares upon the receipt and cancellation of GDRs, which have been Pre-Released, whether or not such cancellation is prior to the termination of such Pre-Release or the Depositary knows that such GDR has been Pre-Released. The Depositary may receive GDRs in lieu of Shares in satisfaction of a Pre-Release. Each Pre-Release will be (a) preceded or accompanied by a written representation from the person to whom GDRs or Deposited Property are to be delivered (the "**Pre-Releasee**") that such person, or its customer, (i) owns or represents the owner of the corresponding Deposited Property or GDRs to be remitted (as the case may be), (ii) assigns all beneficial right, title and interest in such Deposited Property or GDRs (as the case may be) to the Depositary in its capacity as such and for the benefit of the Holders, (iii) will not take any action with respect to such GDRs or Deposited Property (as the case may be) that is inconsistent with the transfer of beneficial ownership (including without the consent of the Depositary, disposing of such Deposited Property or GDRs, as the case may be), other than in satisfaction of such Pre-Release, (b) at all times fully collateralised with cash or such other collateral as the Depository determines in good faith will provide substantially similar liquidity and security, (c) terminable by the Depositary on not more than five (5) business days' notice, and (d) subject to such further indemnities and credit regulations as the Depositary deems appropriate. The number of GDRs which are outstanding at any time as a result of Pre-Release will not normally represent more than thirty per cent. of the total number of GDRs then outstanding; provided, however, that the Depositary reserves the right to change or disregard such limit from time to time as it deems appropriate and may, with the prior written consent of the Company, change such limits for the purpose of general application. The Depositary will also set dollar limits with respect to such transactions hereunder with any particular Pre-Releasee hereunder on a case by case basis as the Depositary deems appropriate. The collateral referred to in sub-paragraph (b) above shall be held by the Depositary as security for the performance of the Pre-Releasee's obligations in connection herewith, including the Pre-Releasee's obligation to deliver Shares and/or other securities or GDRs upon termination of a transaction anticipated hereunder (and shall not, for the avoidance of doubt, constitute Deposited Property hereunder).

The Depositary may retain for its own account any compensation received by it in connection with the foregoing including, without limitation, earnings on the collateral.

1.6 The person to whom a Pre-Release of Rule 144A GDRs or Rule 144A Shares is to be made pursuant to this Condition 1.5 shall be required to deliver to the Depositary a duly executed and completed certificate substantially in the form set out in Schedule 3 Part III of the Deposit Agreement. The person to whom any Pre-Release of Regulation S GDRs or Regulation S Shares is to be made pursuant to this paragraph shall be required to deliver to the Depositary a duly executed and completed certificate substantially in the form set out in Schedule 3 Part I of the Deposit Agreement.

2. **Withdrawal of Deposited Property**

2.1 Subject to Condition 2.2 below at any time after 30th October, 1996, any Holder may request withdrawal of, and the Depositary shall thereupon relinquish, the Deposited Property attributable to any GDR upon production of such evidence that such person is the Holder of and entitled to the relative GDR and such other evidence as the Depositary may reasonably require at the specified office of the Depositary or any Agent accompanied by:

2.1.1 a duly executed order (in a form approved by the Depositary) requesting the Depositary to cause the Deposited Property being withdrawn to be delivered at the Office of the Custodian, or (at the request, risk and expense of the Holder) at the specified office from time to time of the Depositary or any Agent (located in the Arab Republic of Egypt or such other place as permitted under applicable law from time to time) to, or to the order in writing of, the person or persons designated in such order;

2.1.2 a certificate substantially in the form of Schedule 3, Part II or Part IV, as appropriate, of the Deposit Agreement and . available from the Depositary or the Custodian;

2.1.3 the payment of such fees, duties, charges and expenses as may be required under these Conditions or the Deposit Agreement: and

2.1.4 the surrender (if appropriate) of the GDR certificates in definitive registered form to which the Deposited Property being withdrawn is attributable.

2.2 Certificates for withdrawn Deposited Shares will contain such legends, and withdrawals of Deposited Shares will be subject to the grant of such approvals as may be required by applicable laws or the By-laws of the Company and to such transfer restrictions or certifications, as the Company or the Depositary may from time to time determine to be necessary for compliance with applicable laws and the By-laws of the Company. The Depositary will not accept for surrender and withdrawal any GDRs which would require the delivery to the withdrawing GDR Holder by the Depositary of fractions of Shares.

2.3 Upon production of such documentation and the making of such payment as aforesaid in accordance with Condition 2.1, the Depositary will direct the Custodian, with a copy of such direction being simultaneously sent to the Company for information, within a reasonable time after receiving such direction from such Holder, to deliver at its Office to, or to the order in writing of, the person or persons designated in the accompanying order:

2.3.1 a certificate for, or other appropriate instrument of title to, the relevant Deposited Shares, registered in the name of the Depositary or its nominee and accompanied by such instruments of transfer in blank or to the person or persons specified in the order for withdrawal and such other documents, if any, as are required by law for the transfer thereof; and

2.3.2 all other property forming part of the Deposited Property attributable to such GDR, accompanied, if required by law, by one or more duly executed endorsements or instruments of transfer in respect thereof as aforesaid, provided however that the Depositary may make delivery at its specified office in New York of any Deposited Property which is in the form of cash;

Provided that the Depositary (at the request, risk and expense of any Holder so surrendering a GDR):

(a) will direct the Custodian to deliver the certificate for, or other instruments of title to, the relevant Deposited Shares and any document relative thereto and any other documents referred to in Condition 2.3.1 (together with any other property forming part of the Deposited Property which may be held by the Custodian or its agents and is attributable to such Deposited Shares); and/or

(b) will deliver any other property forming part of the Deposited Property which may be held by the Depositary and is attributable to such GDR (accompanied by such instruments of transfer in blank or to the person or persons specified in such order and such other documents, if any, as are required by law for the transfer thereto),

in each case at the specified office from time to time of the Depositary, if any, or any Agent (located in the Arab Republic of Egypt or such other place as is permitted under applicable law from time to time) as designated by the surrendering Holder in such accompanying order as aforesaid.

2.4 Delivery by the Depositary, any Agent and the Custodian of all certificates, instruments, dividends or other property forming part of Deposited Property as specified in this Condition will be made subject to any laws or regulations applicable thereto.

2.5 The Depositary shall be entitled, at its reasonable discretion, at such times as it shall determine, to suspend the issue or transfer of GDRs (and the deposit of Shares) generally or in respect of particular Shares. In particular, to the extent that it is in its opinion practicable for it to do so, the Depositary will refuse to accept Shares for deposit, to execute and deliver GDRs or to register transfers of GDRs if it has been notified by the Company in writing that the Deposited Shares or GDRs or any depositary receipts corresponding to Shares are listed on a U.S. Securities Exchange or quoted on a U.S. automated inter dealer quotation system unless accompanied by evidence satisfactory to the Depositary that any such Shares are eligible for resale pursuant to Rule 144A under the Securities Act. Further, the Depositary may suspend the withdrawal of Deposited Property during any period when the Register, or the register of shareholders of the Company is closed or, generally or in one or more localities, suspend the withdrawal of Deposited Property or deposit of Shares if deemed necessary or desirable or advisable by the Depositary in good faith at any time or from time to time, in order to comply with any applicable law or governmental or stock exchange regulations or any provision of the Deposit Agreement or for any other reason. The Depositary shall (unless otherwise notified by the Company) restrict the withdrawal of Deposited Shares where the Company notifies the Depositary in writing that such withdrawal would result in ownership of Shares exceeding any limit under any applicable law, government resolution or the Company's constitutive documents or would otherwise violate any applicable laws.

3. **Transfer and ownership**

GDRs are in registered form. Title to the GDRs passes by registration in the records of the Depositary. The Holder of any GDR will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not any payment or other distribution in respect of such GDR is overdue and regardless of any notice of ownership, trust or any interest in or any writing on it, or the theft or loss of any certificate issued in respect of it) and no person will be liable for so treating the Holder.

The Depositary will refuse to accept for transfer any GDRs if it reasonably believes that such transfer would result in violation of any applicable laws.

Interests in Rule 144A GDRs corresponding to the Master Rule 144A GDR may be transferred to a person whose interest in such Rule 144A GDRs is subsequently represented by the Master Regulation S GDR only upon receipt by the Depositary of written certifications (in the forms provided in the Deposit Agreement) from the transferor and the transferee to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act. Prior to expiration of the Distribution Compliance Period, no owner of Regulation S GDRs may transfer Regulation S GDRs or Shares represented thereby except in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act or to, or for the account of, a qualified institutional buyer as defined in Rule 144A under the U.S. Securities Act (each a "**QIB**") in a transaction meeting the requirements of such Rule 144A. There shall be no transfer of Regulation S GDRs by an owner thereof to a QIB except as aforesaid and unless such owner (i) withdraws Regulation S Shares from the Regulation S Facility in accordance with Clause 3.8 of the Deposit Agreement and (ii) instructs the Depositary to deliver the Shares so withdrawn to the account of the Custodian to be deposited into the Rule 144A Facility for issuance thereunder of Rule 144A GDRs to, or for the account of, such QIB. Issuance of such Rule 144A GDRs shall be subject to the terms and conditions of the Deposit Agreement, including, with respect to the deposit of Shares and the issuance of Rule 144A GDRs, delivery of the duly executed and completed written certificate and agreement required under the Deposit Agreement by or on behalf of each person who will be the beneficial owner of such Rule 144A GDRs certifying that such person is a QIB and agreeing that it will comply with the restrictions on transfer set forth therein and to payment of the fees, charges and taxes provided therein

4. **Cash distributions**

4.1 Whenever the Depositary shall receive from the Company any cash dividend or other cash distribution on or in respect of the Deposited Shares (including any liquidation surplus or other amounts received in the liquidation of the Company) or otherwise in connection with the Deposited Property, the Depositary, its Agent or Custodian shall as soon as practicable convert the same into United States dollars in accordance with Condition 8. The Depositary shall, if practicable in the opinion of the Depositary, give notice to the Holders of its receipt of such payment in accordance with Condition 23, specifying the amounts per GDR payable in respect of such dividend or distribution and the date, determined by the Depositary, for such payment and shall as soon as practicable distribute any such amounts to the Holders in proportion to the number of Deposited Shares represented by the GDRs so held by them respectively, subject to and in accordance with the provisions of Conditions 9 and 11; provided that:

4.1.1 in the event that any Deposited Shares shall not be entitled, by reason of the date of issue or transfer or otherwise, to such full proportionate amount, the amount so distributed to the relative Holders shall be adjusted accordingly;

4.1.2 the Depositary will distribute only such amounts of cash dividends and other distributions as may be distributed without attributing to any GDR a fraction of the lowest integral unit of currency in which the distribution is made by the Depositary, and any balance remaining shall be retained by the Depositary beneficially as an additional fee under Condition 16.1.4.

5. **Distribution of Shares**

Whenever the Depositary shall receive from the Company any distribution in respect of Deposited Shares which consists of a dividend in, or free distribution or bonus issue of Shares or shall subscribe or acquire Shares pursuant to Condition 7 below, the Depositary shall cause to be distributed to the Holders entitled thereto, in proportion to the number of Deposited Shares represented by the GDRs held by them respectively, additional GDRs representing an aggregate number of Shares received pursuant to such dividend, distribution, subscription or acquisition by an increase in the number of GDRs evidenced by the Master GDRs or an issue of certificates in definitive registered form in respect of GDRs, according to the manner in which the Holders hold their GDRs; provided that, if and in so far as the Depositary deems any such distribution to all or any Holders not to be reasonably practicable (including, without limitation, owing to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) or to be lawful, the Depositary shall sell such Shares so received (either by public or private sale and otherwise at its discretion, subject to Egyptian laws and regulations) and distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

6. **Distributions other than in cash or Shares**

Whenever the Depositary shall receive from the Company any dividend or distribution in securities (other than Shares) or in other property (other than cash) on or in respect of the Deposited Property, the Depositary shall distribute or cause to be distributed such securities or other property to the Holders entitled thereto, in proportion to the number of Deposited Shares represented by the GDRs held by them respectively, in any manner that the Depositary may deem equitable and practicable for effecting such distribution; provided that, if and in so far as the Depositary deems any such distribution to all or any Holders not to be reasonably practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the Depositary shall deal with the securities or property so received, or any part thereof, in such way as the Depositary may determine to be equitable and practicable, including without limitation, by way of sale (either by public or private sale and otherwise at its discretion, subject to Egyptian laws and regulations) and (in the case of a sale) distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

7. **Rights Issues**

If and whenever the Company announces its intention to make any offer or invitation to the holders of Shares to subscribe for or to acquire Shares, securities or other assets by way of rights, the Depositary shall as soon as practicable give notice to the Holders, in accordance with Condition 23, of such offer or invitation, specifying, if applicable, the earliest date established for acceptance thereof, the last date established for acceptance thereof and the manner by which and time during which Holders may request the Depositary to exercise such rights as provided below or, if such be the case, specifying details of how the Depositary proposes to distribute the rights or the proceeds of any sale thereof. The Depositary will deal with such rights in the manner described below:-

(i) if and to the extent that the Depositary shall, at its discretion, deem it to be lawful and reasonably practicable, the Depositary shall make arrangements whereby the Holders may, upon payment of the subscription price in Egyptian pounds or other relevant currency together with such fees, taxes, duties, charges, costs and expenses as may be required under the Deposit Agreement and completion of such undertakings, declarations, certifications and other documents as the Depositary may reasonably require, request the Depositary to exercise such rights on their behalf with respect to the Deposited Shares and to distribute the Shares, securities or other assets so subscribed or acquired to the Holders entitled thereto by an increase in the numbers of GDRs corresponding to the Master GDRs or an issue of certificates in definitive registered form in respect of GDRs, according to the manner in which the Holders hold their GDRs; or

(ii) if and to the extent that the Depositary shall at its discretion, deem it to be lawful and reasonably practicable, the Depositary will distribute such rights to the Holders entitled thereto in such manner as the Depositary may at its discretion determine; or

(iii) if and to the extent that the Depositary deems any such arrangement and distribution as is referred to in paragraphs (i) and (ii) above to all or any Holders not to be lawful and reasonably practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the Depositary (a) will, PROVIDED THAT Holders have not taken up rights through the Depositary as provided in (i) above, sell such rights (either by public or private sale and otherwise at its discretion subject to all applicable laws and regulations) or (b) may, if such rights are not transferable, in its discretion, arrange for such rights to be exercised and the resulting Shares or securities sold and, in each case, distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

(iv)

(a) Notwithstanding the foregoing, in the event that the Depositary offers rights pursuant to Condition 7(i) (the "**Primary GDR Rights Offering**"), if authorised by the Company to do so, the Depositary may, in its discretion, make arrangements whereby in addition to instructions given by a Holder to the Depositary to exercise rights on its behalf pursuant to Condition 7(i), such Holder is permitted to instruct the Depositary to subscribe on its behalf for additional rights which are not attributable to the Deposited Shares represented by such Holder's GDRs ("**Additional GDR Rights**") if at the date and time specified by the Depositary for the conclusion of the Primary GDR Offering (the "**Instruction Date**") instructions to exercise rights have not been received by the Depositary from the Holders in respect of all their initial entitlements. Any Holder's instructions to subscribe for such Additional GDR Rights ("**Additional GDR Rights Requests**") shall specify the maximum number of Additional GDR Rights that such Holder is prepared to accept (the "**Maximum Additional Subscription**") and must be received by the Depositary by the Instruction Date. If by the Instruction Date any rights offered in the Primary GDR Rights Offering have not been subscribed by the Holders initially entitled thereto ("**Unsubscribed Rights**"), subject to Condition 7(iv)(c) and receipt of the relevant subscription price in Egyptian pounds or other relevant currency, together with such fees, taxes, duties, charges, costs and expenses as it may deem necessary, the Depositary shall make arrangements for the allocation and distribution of Additional GDR Rights in accordance with Condition 7(iv)(b).

(b) Holders submitting Additional GDR Rights Requests shall be bound to accept the Maximum Additional Subscription specified in such Additional GDR Request but the Depositary shall not be bound to arrange for a Holder to receive the Maximum Additional Subscription so specified but may make arrangements whereby the Unsubscribed Rights are allocated *pro rata* on the basis of the extent of the Maximum Additional Subscription specified in each Holder's Additional GDR Rights Request.

(c) In order to proceed in the manner contemplated in this Condition 7(iv), the Depositary shall be entitled to receive such opinions from Egyptian counsel and U.S. counsel as in its discretion it deems necessary which opinions shall be in a form and provided by counsel satisfactory to the Depositary and at the expense of the Company and may be requested in addition to any other opinions and/or certifications which the Depositary shall be entitled to receive under the Deposit Agreement and these Conditions. For the avoidance of doubt, save as provided in these Conditions and the Deposit Agreement, the Depositary shall have no liability to the Company or any Holder in respect of its actions or omissions to act under this Condition 7(iv) and, in particular, the Depositary will not be regarded as being negligent, acting in bad faith, or in wilful default if it elects not to make the arrangements referred to in Condition 7(iv)(a).

The Company has agreed in the Deposit Agreement that it will, unless prohibited by applicable law or regulation, give its consent to, and if requested use all reasonable endeavours (subject to the next paragraph) to facilitate, any such distribution, sale or subscription by the Depositary or the Holders, as the case may be, pursuant to Conditions 4, 5, 6, 7 or 10 (including the obtaining of legal opinions from counsel reasonably satisfactory to the Depositary concerning such matters as the Depositary may reasonably specify).

If the Company notifies the Depositary that registration is required in any jurisdiction under any applicable law of the rights, securities or other property to be distributed under Condition 4, 5, 6, 7 or 10 or the securities to which such rights relate in order for the Company to offer such rights or distribute such securities or other property to the Holders or owners of GDRs and to sell the securities corresponding to such rights, the Depositary will not offer such rights or distribute such securities or other property to the Holders or sell such securities unless and until the Company procures the receipt by the Depositary of an opinion from counsel reasonably satisfactory to the Depositary and the Company that a registration statement is in effect or that the offering and sale of such rights or securities to such Holders or owners of GDRs are exempt from registration under the provisions of such law. Neither the Company nor the Depositary shall be liable to register such rights, securities or other property or the securities to which such rights relate and they shall not be liable for any losses, damages or expenses resulting from any failure to do so.

If at the time of the offering of any rights, at its discretion, the Depositary shall be satisfied that it is not lawful or practicable (for reasons outside its control) to dispose of the rights in any manner provided in paragraphs (i), (ii), (iii) and (iv) above, the Depositary shall permit the rights to lapse. The Depositary will not be responsible for any failure to determine that it may be lawful or feasible to make such rights available to Holders or owners of GDRs in general or to any Holder or owner of a GDR or Holders or owners of GDRs in particular.

8. **Conversion of foreign currency**

Whenever the Depositary shall receive any currency other than United States dollars by way of dividend or other distribution or as the net proceeds from the sale of securities, other property or rights, and if at the time of the receipt thereof the currency so received can, in the judgment of the Depositary be converted on a reasonable basis into United States dollars and distributed to the Holders entitled thereto, the Depositary shall as soon as practicable itself convert or cause to be converted by another bank, by sale or in any other manner that it may determine, the currency so received into United States dollars. If such conversion or distribution can be effected only with the approval or licence of any government or agency thereof, the Depositary, with the assistance of the Company, shall make reasonable efforts to apply, or procure that an application be made, for such approval or licence, if any, as it may consider desirable. If at any time the Depositary shall determine that in its judgment any currency other than United States dollars is not convertible on a reasonable basis into United States dollars and distributable to the Holders entitled thereto, or if any approval or licence of any government or agency thereof which is required for such conversion is denied or, in the opinion of the Depositary, is not obtainable, or if any such approval or licence is not obtained within a reasonable period as determined by the Depositary, the Depositary may distribute such other currency received by it (or an appropriate document evidencing the right to receive such other currency) to the Holders entitled thereto to the extent permitted under applicable law, or the Depositary may in its discretion hold such other currency (without liability for interest thereon) for the benefit of the Holders entitled thereto. If any conversion of any such currency can be effected in whole or in part for distribution to some (but not all) Holders entitled thereto pro rata to such Holders' respective entitlements, the Depositary may in its absolute discretion make such conversion and distribution in United States dollars to the extent possible to the Holders entitled thereto and may distribute the balance of such other currency received by the Depositary to, or hold such balance on non-interest bearing accounts for the account of, the Holders entitled thereto and notify the Holders accordingly.

9. **Distribution of any payments**

9.1 Any distribution of cash under Condition 4, 5, 6, 7, or 10 will be made by the Depositary to those Holders who are Holders of record on the record date established by the Depositary for that purpose (which shall be the same date as the corresponding record date set by the Company, or, if different from the record date set by the Company, and shall be as near as practicable to any record date set by the Company) and, if practicable in the opinion of the Depositary, notice shall be given promptly to Holders in accordance with Condition 23, in each case subject to any laws or regulations applicable thereto and (subject to the provisions of Condition 8) distributions will be made in United States dollars by cheque drawn upon a bank in New York City or, in the case of the Master GDRs, according to usual practice between the Depositary and Clearstream, Euroclear or DTC, as the case may be. The Depositary or the Agent, as the case may be, may deduct and retain from all moneys due in respect of such GDR all fees, taxes, duties, charges, costs and expenses which may become or have become payable under the Conditions, the Deposit Agreement or under applicable law in respect of such GDR or the relative Deposited Property.

9.2 Delivery of any securities or other property or rights other than cash shall be made as soon as practicable to the entitled Holder, subject to any laws or regulations applicable thereto. If any distribution made by the Company with respect to the Deposited Property and received by the Depositary shall remain unclaimed at the end of three years from the first date upon which such distribution is made available to Holders in accordance with the Conditions and subject to any applicable laws (including, without limitation, U.S. federal laws and the escheat laws of the States of the United States), all rights of the Holders to such distribution or the proceeds of the sale thereof shall be extinguished and the Depositary shall (except for any distribution upon the liquidation of the Company when the Depositary shall retain the same) return the same to the Company for its own use and benefit and the Depositary shall have no obligation therefor or liability with respect thereto.

10. **Capital reorganisation**

Upon any change in the par value, sub-division, consolidation or other reclassification of Deposited Shares or any other part of the Deposited Property or upon any reduction of capital, or upon any reorganisation, merger or consolidation of the Company or to which it is a party (except where the Company is the continuing corporation), the Depositary shall as soon as practicable give notice of such event to the Holders in accordance with Condition 23 and, in its discretion, may treat such event as a distribution and comply with the relevant provisions of Conditions 4, 5, 6 and 9 with respect thereto, or may execute and deliver additional GDRs in respect of Shares or may call for the surrender of outstanding GDRs to be exchanged for new GDRs which reflect the effect of such change or to be stamped in the appropriate manner so as to indicate the new number of Shares and/or the new securities evidenced by such outstanding GDRs or may adopt more than one of these courses of action.

11. **Withholding taxes and applicable laws**

11.1 Payments to Holders of dividends or other distributions made to Holders on or in respect of the Deposited Shares will be subject to deduction of Egyptian and other withholding taxes, if any, at the applicable rates. The Depositary and the Company shall have no liability whatsoever in respect of any determination made hereunder by any tax authority in relation to the appropriate rate of withholding applicable to any Holder or owner of a GDR. In so relying on the evidence provided by such owner in respect of his residency, the Company and the Depositary shall be indemnified by such owner from any and all losses, damages or expenses it incurs as a consequence of such reliance. In particular, if the Company is required by the tax authorities of the Arab Republic of Egypt in respect of such owner to deduct or withhold tax at the normal rate, such owner shall indemnify the Company and the Depositary against such difference in the relevant tax rates and expenses incurred.

11.2 If any governmental or administrative authorisation, consent, registration or permit or any report to any governmental or administrative authority is required under any applicable law in the Arab Republic of Egypt in order for the Depositary to receive from the Company Shares to be deposited under the Conditions, or in order for Shares, other securities or other property to be distributed under Condition 4, 5, 6 or 10, or to be subscribed under Condition 7 or to offer any rights or sell any securities represented by such rights relevant to any Deposited Shares, the Company shall apply for such authorisation, consent, registration or permit or shall file such report on behalf of the Holders within the time required under such law. In this connection, the Company has undertaken in the Deposit Agreement to the extent reasonably practicable, and provided that it does not involve unreasonable expense on behalf of the Company, to take such action as may be required in obtaining or filing the same. The Depositary shall not distribute GDRs, Shares, other securities or other property with respect to which such authorisation, consent or permit or such report has not been obtained or filed, as the case may be, and shall have no duties to obtain any such authorisation, consent or permit, or to file any such report.

12. **Voting rights**

12.1 Holders will have voting rights with respect to the Deposited Shares. The Company has agreed to notify the Depositary of any resolution to be proposed at a General Meeting of the Company and the Depositary will vote or cause to be voted the Deposited Shares in the manner set out in this Condition 12.

12.2 The Company has agreed with the Depositary that it will promptly provide to the Depositary sufficient copies, as the Depositary may reasonably request, of notices of meetings of the shareholders of the Company and the agenda therefor as well as written requests containing voting instructions by which each Holder may give instructions to the Depositary to vote for or against each and any resolution specified in the agenda for the meeting, which the Depositary shall send to any person who is a Holder on the record date established by the Depositary for that purpose (which shall be the same as the corresponding record date set by the Company or as near as practicable thereto) as soon as practicable after receipt of the same by the Depositary in accordance with Condition 23.

12.3 In order for each voting instruction to be valid, the voting instructions form must be completed and duly signed by the respective Holder (or in the case of instructions received from the clearing systems should be received by authenticated SWIFT message) in accordance with the written request containing voting instructions and returned to the Depositary by such record date as the Depositary may specify.

12.4 The Depositary will exercise or cause to be exercised the voting rights in respect of the Deposited Shares so that a portion of the Deposited Shares will be voted for and a portion of the Deposited Shares will be voted against any resolution specified in the agenda for the relevant meeting in accordance with the voting instructions it has received.

12.5 If the Depositary is advised in the opinion referred to in Condition 12.8 below that it is not permitted by Egyptian law to exercise the voting rights in respect of the Deposited Shares differently (so that a portion of the Deposited Shares may be voted for a resolution and a portion of the Deposited Shares may be voted against a resolution) the Depositary shall, if the opinion referred to in Condition 12.8 below confirms it to be permissible under Egyptian law, calculate from the voting instructions that it has received from all Holders (x) the aggregate number of votes in favour of a particular resolution and (y) the aggregate number of votes opposed to such resolution and cast or cause to be cast in favour of or opposed to such resolution the number of votes representing the net positive difference between such aggregate number of votes in favour of such resolution and such aggregate number of votes opposed to such resolution.

12.6 The Depositary will only endeavour to vote or cause to be voted the votes attaching to Shares in respect of which voting instructions have been received, except that if no voting instructions are received by the Depositary (either because no voting instructions are returned to the Depositary or because the voting instructions are incomplete, illegible or unclear) from a Holder with respect to any or all of the Deposited Shares represented by such Holder's GDRs on or before the record date specified by the Depositary, such Holder shall be deemed to have instructed the Depositary to give a discretionary proxy to a person designated by the Company with respect to such Deposited Shares, and the Depositary shall give a discretionary proxy to a person designated by the Company to vote such Deposited Shares, PROVIDED THAT no such instruction shall be deemed given, and no such discretionary proxy shall be given, with respect to any matter as to which the Company informs the Depositary (and the Company has agreed to provide such information in writing as soon as practicable) that (i) the Company does not wish such proxy to be given, or (ii) such matter materially and adversely affects the rights of holders of Shares.

12.7 If the Depositary is advised in the opinion referred to in Condition 12.8 below that it is not permissible under Egyptian law or the Depositary determines that it is not reasonably practicable to vote or cause to be voted such Deposited Shares in accordance with Conditions 12.3, 12.4 or 12.5 the Depositary shall not vote or cause to be voted such Deposited Shares.

12.8 Where the Depositary is to vote in respect of each and any resolution in the manner described in Conditions 12.3, 12.4 or 12.5 above the Depositary shall notify the Chairman of the Company and appoint a person designated by him as a representative of the Depositary to attend such meeting and vote the Deposited Shares in the manner required by this Condition. The Depositary shall not be required to take any action required by this Condition 12 unless it shall have received an opinion from the Company's legal counsel (such counsel being reasonably acceptable to the Depositary) at the expense of the Company to the effect that such voting arrangement is valid and binding on Holders under Egyptian law and the statutes of the Company and that the Depositary is permitted to exercise votes in accordance with the provisions of this Condition 12 but that in doing so the Depositary will not be deemed to be exercising voting discretion.

12.9 By continuing to hold GDRs, all Holders shall be deemed to have agreed to the provisions of this Condition as it may be amended from time to time in order to comply with applicable Egyptian law.

12.10 The Depositary shall not, and the Depositary shall ensure that the Custodian and its nominees do not, vote or attempt to exercise the right to vote that attaches to the Deposited Shares, other than in accordance with instructions given or deemed given in accordance with this Condition."

13. **Documents to be furnished, recovery of taxes, duties and other charges**

The Depositary shall not be liable for any taxes, duties, charges, costs or expenses which may become payable in respect of the Deposited Shares or other Deposited Property or the GDRs, whether under any present or future fiscal or other laws or regulations, and such part thereof as is proportionate or referable to a GDR shall be payable by the Holder thereof to the Depositary at any time on request or may be deducted from any amount due or becoming due on such GDR in respect of any dividend or other distribution. In default thereof, the Depositary may for the account of the Holder discharge the same out of the proceeds of sale on the Cairo Stock Exchange or any other stock exchange on which the Shares may from time to time be listed or, otherwise on the over-the-counter market in Egypt, and subject to Egyptian law and regulation, of an appropriate number of Deposited Shares (being an integral multiple of the number of Shares in respect of which a single GDR is issued) or other Deposited Property and subsequently pay any surplus to the Holder. Any such request shall be made by giving notice pursuant to Condition 23.

14. **Liability**

14.1 In acting hereunder the Depositary shall have only those duties, obligations and responsibilities expressly specified in the Deposit Agreement and these Conditions and, other than holding the Deposited Property for the benefit of Holders as bare trustee, does not assume any relationship of trust for or with the Holders or owners of GDRs or any other person.

14.2 Neither the Depositary, the Custodian, the Company, any Agent, nor any of their agents, officers, directors or employees shall incur any liability to any other of them or to any Holder or owner of a GDR or any other person with an interest in any GDRs if, by reason of any provision of any present or future law or regulation of Egypt or any other country or of any relevant governmental authority, or by reason of the interpretation or application of any such present or future law or regulation or any change therein, or by reason of any other circumstances beyond their control, or in the case of the Depositary, the Custodian, the Agent or any of their agents, officers, directors or employees, by reason of any provision, present or future, of the constitutive documents of the Company, any of them shall be prevented, delayed or forbidden from doing or performing any act or thing which the terms of the Deposit Agreement or these Conditions provide shall or may be done or performed; nor shall any of them incur any liability to any Holder or owner of GDRs or any other person with an interest in any GDRs by reason of any exercise of, or failure to exercise, any voting rights attached to the Deposited Shares or any of them or any other discretion or power provided for in the Deposit Agreement. Any such party may rely on, and shall be protected in acting upon, any written notice, request, direction or other document believed by it to be genuine and to have been duly signed or presented (including a translation which is made by a translator believed by it to be competent or which appears to be authentic).

14.3 Neither the Depositary nor any Agent shall be liable (except for its own wilful default, negligence or bad faith or that of its agents, officers, directors or employees) to the Company or any Holder or owner of GDRs or any other person, by reason of having accepted as valid or not having rejected any certificate for Shares or GDRs or any signature on any transfer or instruction purporting to be such and subsequently found to be forged or not authentic or for its failure to perform any obligations under the Deposit Agreement or these Conditions.

14.4 The Depositary and its agents may engage or be interested in any financial or other business transactions with the Company or any of its subsidiaries or affiliates, or in relation to the Deposited Property (including without prejudice to the generality of the foregoing, the conversion of any part of the Deposited Property from one currency to another), may at any time hold or be interested in GDRs for its own account, and shall be entitled to charge and be paid all usual fees, commissions and other charges for business transacted and acts done by it as a bank, and not in the capacity of Depositary, in relation to matters arising under the Deposit Agreement (including, without prejudice to the generality of the foregoing, charges on the conversion of any part of the Deposited Property from one currency to another and on any sales of property) without accounting to Holders or any other person for any profit arising therefrom.

14.5 The Depositary shall endeavour to effect any such sale as is referred to or contemplated in Conditions 5, 6, 7, 10, 13 or 21 or any such conversion as is referred to in Condition 8 in accordance with the Depositary's normal practices and procedures but shall have no liability (in the absence of its own wilful default, negligence or bad faith or that of its agents, officers, directors or employees) with respect to the terms of such sale or conversion or if such sale or conversion shall not be reasonably practicable.

14.6 The Depositary shall not be required or obliged to monitor, supervise or enforce the observance and performance by the Company of its obligations under or in connection with the Deposit Agreement or these Conditions.

14.7 The Depositary shall have no responsibility whatsoever to the Company, any Holders or any owner of GDRs or any other person as regards any deficiency which might arise because the Depositary is subject to any tax in respect of the Deposited Property or any part thereof or any income therefrom or any proceeds thereof.

14.8 In connection with any proposed modification, waiver, authorisation or determination permitted by the terms of the Deposit Agreement, the Depositary shall not, except as otherwise expressly provided in Condition 22, be obliged to have regard to the consequence thereof for the Holders or the owners of GDRs or any other person.

14.9 Notwithstanding anything else contained in the Deposit Agreement or these Conditions, the Depositary may refrain from doing anything which could or might, in its opinion, be contrary to any law of any jurisdiction or any directive or regulation of any agency or state or which would or might otherwise render it liable to any person and the Depositary may do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.

14.10 The Depositary may, in relation to the Deposit Agreement and these Conditions, act or take no action on the advice or opinion of, or any certificate or information obtained from, any lawyer, valuer, accountant, banker, broker, securities company or other expert whether obtained by the Company, the Depositary or otherwise, and shall not be responsible or liable for any loss or liability occasioned by so acting or refraining from acting or relying on information from persons presenting Shares for deposit or GDRs for surrender or requesting transfers thereof.

14.11 Any such advice, opinion, certificate or information (as discussed in Condition 14.10 above) may be sent or obtained by letter, telex, facsimile transmission, telegram or cable and the Depositary shall not be liable for acting on any advice, opinion, certificate or information purported to be conveyed by any such letter, telex or facsimile transmission although (without the Depositary's knowledge) the same shall contain some error or shall not be authentic.

14.12 The Depositary may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or the expediency of any transaction or thing, a certificate, letter or other communication, whether oral or written, signed or otherwise communicated on behalf of the Company by a director of the Company or by a person duly authorised by a Director of the Company or such other certificate from persons specified in Condition 14.10 above which the Depositary considers appropriate and the Depositary shall not be bound in any such case to call for further evidence or be responsible for any loss or liability that may be occasioned by the Depositary acting on such certificate.

14.13 The Depositary shall have no obligation under the Deposit Agreement except to perform its obligations as are specifically set out therein without wilful default, negligence or bad faith.

14.14 The Depositary may delegate by power of attorney or otherwise to any person or persons or fluctuating body of persons, whether being a joint Depositary of the Deposit Agreement or not and not being a person to whom the Company may reasonably object, all or any of the powers, authorities and discretions vested in the Depositary by the Deposit Agreement and such delegation may be made upon such terms and subject to such conditions, including power to sub-delegate and subject to such regulations as the Depositary may in the interests of the Holders think fit, provided that no objection from the Company to any such delegation as aforesaid may be made to a person whose financial statements are consolidated with those of the Depositary's ultimate holding company. Any delegation by the Depositary shall be on the basis that the Depositary is acting on behalf of the Holders and the Company in making such delegation. The Company shall not in any circumstances and the Depositary shall not (provided that it shall have exercised reasonable care in the selection of such delegate) be bound to supervise the proceedings or be in any way responsible for any loss, liability, cost, claim, action, demand or expense incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate. However, the Depositary shall, if practicable and if so requested by the Company, pursue (at the Company's expense and subject to receipt by the Depositary of such indemnity and security for costs as the Depositary may reasonably require) any legal action it may have against such delegate or sub-delegate arising out of any such loss caused by reason of any such misconduct or default. The Depositary shall, within a reasonable time of any such delegation or any renewal, extension or termination thereof, give notice thereof to the Company. Any delegation under this Condition which includes the power to sub-delegate shall provide that the delegate shall, within a specified time of any sub-delegation or amendment, extension or termination thereof, give notice thereof to the Company and the Depositary.

14.15 The Depositary may, in the performance of its obligations hereunder, instead of acting personally, employ and pay an agent, whether a solicitor or other person, to transact or concur in transacting any business and do or concur in doing all acts required to be done by such party, including the receipt and payment of money.

14.16 The Depositary shall be at liberty to hold or to deposit the Deposit Agreement and any deed or document relating thereto in any part of the world with any banking company or companies of good repute (including itself) whose business includes undertaking the safe custody of deeds or documents or with any lawyer or firm of lawyers of good repute, and the Depositary shall not (in the case of deposit with itself, in the absence of its own negligence, wilful default, or bad faith or that of its agents, directors, officers or employees) be responsible for any losses, liability or expenses incurred in connection with any such deposit.

14.17 Notwithstanding anything to the contrary contained in the Deposit Agreement or these Conditions, the Depositary shall not be liable in respect of any loss or damage which arises out of or in connection with its performance or non-performance or the exercise or attempted exercise of, or the failure to exercise any of, its powers or discretions under the Deposit Agreement except to the extent that such loss or damage arises from the wilful default, negligence or bad faith of the Depositary or that of its agents, officers, directors or employees.

14.18 No provision of the Deposit Agreement or these Conditions shall require the Depositary to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment to it of such funds or adequate indemnity and security against such risk of liability is not assured to it.

14.19 For the avoidance of doubt, the Depositary shall be under no obligation to check, monitor or enforce compliance with any ownership restrictions in respect of GDRs or Shares under any applicable Egyptian law as the same may be amended from time to time. Notwithstanding the generality of Condition 3, the Depositary shall refuse to register any transfer of GDRs or any deposit of Shares against issuance of GDRs if notified by the Company, or the Depositary becomes aware of the fact, that such transfer or issuance would result in a violation of the limitations set forth above.

14.20 No disclaimer of liability under the Securities Act is intended by any provision of the Deposit Agreement.

15. Issue and delivery of replacement GDRs and exchange of GDRs

Subject to the payment of the relevant fees, taxes, duties, charges, costs and expenses and such terms as to evidence and indemnity as the Depositary may require, replacement GDRs will be issued by the Depositary and will be delivered in exchange for or replacement of outstanding lost, stolen, mutilated, defaced or destroyed GDRs upon surrender thereof (except in the case of the destruction, loss or theft) at the specified offices of the Depositary or (at the request, risk and expense of the Holder) at the specified office of any Agent.

16. Depositary's fees, costs and expenses

16.1 The Depositary shall be entitled to charge the following remuneration and receive the following remuneration and reimbursement (such remuneration and reimbursement being payable on demand) from the Holders in respect of its services under the Deposit Agreement:

(i) for the issue of GDRs (other than upon the issue of GDRs pursuant to the Offering) or the cancellation of GDRs: U.S.$5.00 or less per 100 GDRs (or portion thereof) issued or cancelled, including for the avoidance of doubt, but not limited to, a transfer from and between the Regulation S Master GDR and the Rule 144A Master GDR, which transfer shall be treated as a cancellation from one Master GDR and an issuance into the other Master GDR;

(ii) for issuing GDR certificates in definitive registered form in replacement for mutilated, defaced, lost, stolen or destroyed GDR certificates: a sum per GDR certificate which is determined by the Depositary to be a reasonable charge to reflect the work, costs and expenses involved;

(iii) for issuing GDR certificates in definitive registered form (other than pursuant to (ii) above): the greater of U.S.$1.50 per GDR certificate (plus printing costs) or such other sum per GDR certificate which is determined by the Depositary to be a reasonable charge to reflect the work plus costs (including but not limited to printing costs) and expenses involved;

(iv) for receiving and paying any cash dividend or other cash distribution on or in respect of the Deposited Shares: a fee of U.S.$0.02 or less per GDR for each such dividend or distribution;

(v) in respect of any issue of rights or distribution of Shares (whether or not evidenced by GDRs) or other securities or other property (other than cash) upon exercise of any rights, any free distribution, stock dividend or other distribution: U.S.$0.05 or less per outstanding GDR for each such issue of rights, dividend or distribution;

(vi) a fee of U.S.$0.02 or less per GDR for depositary services, which shall accrue on the last day of each calendar year and shall be payable as provided in paragraph (viii) below, provided however that no fee will be assessed under this provision if a fee was charged in such calendar year under (iv) above; and

(vii) any other charge payable by the Depositary, any of the Depositary's agents, including the Custodian, or the agents of the Depositary's agents, in connection with the servicing of Deposited Shares or other Deposited Property which charge shall be assessed against Holders as of the date or dates set by the Depositary and shall be payable at the sole discretion of the Depositary by billing such Holders for such charge or deducting such charge from one or more cash dividends or other cash distributions,

together with all expenses (including currency conversion expenses), transfer and registration fees, taxes, duties and charges payable by the Depositary, any Agent or the Custodian, or any of their agents, in connection with any of the above.

16.2 The Depositary is entitled to receive from the Company the fees, taxes, duties, charges costs and expenses as specified in a separate agreement between the Company and the Depositary.

16.3 From time to time, the Depositary may make payments to the Company to reimburse and / or share revenue from the fees collected from GDR holders, or waive fees and expenses for services provided, generally relating to costs and expenses arising out of establishment and maintenance of the GDR facilities established pursuant to the Deposit Agreement. In performing its duties under the Deposit Agreement, the Depositary may use brokers, dealers or other service providers that are affiliates of the Depositary and that may earn or share fees and commissions.

17. **Agents**

17.1 The Depositary shall be entitled to appoint one or more agents (the "Agents") for the purpose, inter alia, of making distributions to the Holders.

17.2 Notice of appointment or removal of any Agent or of any change in the specified office of the Depositary or any Agent will be duly given by the Depositary to the Holders.

18. **Listing**

The Company has undertaken in the Deposit Agreement to use all reasonable endeavours to maintain, so long as any GDR is outstanding, a listing for the GDRs on the Official List of the UK Listing Authority and admission to trading on the London Stock Exchange.

For that purpose the Company will pay all fees and sign and deliver all undertakings required by the UK Listing Authority and the London Stock Exchange in connection with such listings. In the event that the listing on the Official List of the UK Listing Authority and admission to trading on the London Stock Exchange is not maintained, the Company has undertaken in the Deposit Agreement to use its best endeavours with the reasonable assistance of the Depositary (provided at the Company's expense) to obtain and maintain a listing of the GDRs on any other internationally recognised stock exchange in Europe.

19. The Custodian

The Depositary has agreed with the Custodian that the Custodian will receive and hold (or appoint agents approved by the Depositary to receive and hold) all Deposited Property for the account and to the order of the Depositary in accordance with the applicable terms of the Deposit Agreement, which include a requirement to segregate the Deposited Property from the other property of, or held by, the Custodian PROVIDED THAT the Custodian shall not be obliged to segregate cash comprised in the Deposited Property from cash otherwise held by the Custodian. The Custodian shall be responsible solely to the Depositary; provided that, if at any time the Depositary and the Custodian are the same legal entity, references to them separately in these Conditions and the Deposit Agreement are for convenience only and that legal entity shall be responsible for discharging both functions directly to the Holders and the Company. The Custodian may resign or be removed by the Depositary by giving 90 days' prior notice, except that if a replacement Custodian is appointed which is a branch or affiliate of the Depositary, the Custodian's resignation or discharge may take effect immediately on the appointment of such replacement Custodian. Upon the removal of or receiving notice of the resignation of the Custodian, the Depositary shall promptly appoint a successor Custodian (approved by the Company, such approval not to be unreasonably withheld), which shall, upon acceptance of such appointment, become the Custodian for the purposes of the Deposit Agreement. Whenever the Depositary in its discretion determines that it is in the best interests of the Holders to do so, it may terminate the appointment of the Custodian and, in the event of the termination of the appointment of the Custodian, the Depositary shall promptly appoint a successor Custodian, which shall, upon acceptance of such appointment, become the Custodian for the purposes of the Deposit Agreement on the effective date of such termination. The Depositary shall notify Holders of such change as soon as practically possible following such change taking effect in accordance with Condition 23. Notwithstanding the foregoing, the Depositary may temporarily deposit the Deposited Property in a manner or a place other than as herein specified; provided that in the case of such temporary deposit in another place, the Company shall have consented to such deposit, and such consent of the Company shall have been delivered to the Custodian. In case of transportation of the Deposited Property under this Condition, the Depositary shall obtain appropriate insurance at the expense of the Company if, and to the extent that, the obtaining of such insurance is reasonably practicable and the premiums payable are in the opinion of the Depositary of a reasonable amount

20. Resignation and termination of appointment of the Depositary

20.1 The Company may terminate the appointment of the Depositary under the Deposit Agreement by giving at least 120 days' notice in writing to the Depositary and the Custodian, and the Depositary may resign as Depositary by giving at least 120 days' notice in writing to the Company and the Custodian. Within 30 days after the giving of such notice, notice thereof shall be duly given by the Depositary to the Holders in accordance with Condition 23 and to the UK Listing Authority and the London Stock Exchange, where appropriate.

The termination of the appointment or the resignation of the Depositary shall take effect on the date specified in such notice; provided that no such termination of appointment or resignation shall take effect until the appointment by the Company of a successor depositary under the Deposit Agreement, the grant of such approvals as may be necessary to comply with applicable laws and with the By-laws of the Company for the transfer of the Deposited Property to such successor depositary and the acceptance of such appointment to act in accordance with the terms hereof by the successor depositary.

The Company has undertaken in the Deposit Agreement to use its best endeavours to procure the appointment of a successor Depositary with effect from the date of termination specified in such notice as soon as reasonably possible following notice of such termination or resignation. Upon any such appointment and acceptance, notice thereof shall be duly given by the Depositary to the Holders in accordance with Condition 23 and to the UK Listing Authority and the London Stock Exchange, where appropriate.

20.2 Upon the termination of appointment or resignation of the Depositary, the Depositary shall upon payment of all fees and charges owing to it deliver to its successor as depositary sufficient information and records to enable such successor efficiently to perform its obligations under the Deposit Agreement and shall deliver and pay to such successor Depositary all property and cash held by it under the Deposit Agreement. Upon the date when such termination of appointment or resignation takes effect, -the Deposit Agreement provides that the Custodian shall be deemed to be the Custodian thereunder for such successor depositary and shall hold the Deposited Property for such successor depositary and the Depositary shall thereafter have no obligation thereunder or under the Conditions.

21. **Termination of the Deposit Agreement**

21.1 Either the Company or the Depositary, but, in the case of the Depositary, only if the Company has failed to appoint a replacement Depositary within 90 days of the date on which the Depositary has given notice pursuant to Condition 20 that it wishes to resign, may terminate the Deposit Agreement by giving 90 days' notice to the other and to the Custodian- Within 30 days after the giving of such notice, notice of such termination shall be duly given by the Depositary to Holders of all GDRs then outstanding.

21.2 During the period beginning on the date of the giving of such notice by the Depositary to the Holders and ending on the date on which such termination takes effect, each Holder shall be entitled to obtain delivery of the Deposited Property relative to each GDR held by it, subject to the provisions of Condition 2.1 and upon compliance with Condition 2, payment by the Holder of the charge specified in Condition 16.1(i) and Clause 10.1.1(a) of the Deposit Agreement for such delivery and surrender, and payment by the Holder of any sums payable by the Depositary and/or any other expenses incurred by the Depositary (together with all amounts which the Depositary is obliged to pay to the Custodian) in connection with such delivery and surrender, and otherwise in accordance with the Deposit Agreement.

21.3 If any GDRs remain outstanding after the date of termination, the Depositary shall as soon as reasonably practicable sell the Deposited Property then held by it under the Deposit Agreement and shall not register transfers, shall not pass on dividends or distributions or take any other action, except that it will deliver the net proceeds of any such sale, together with any other cash then held by it under the Deposit Agreement, *pro rata* to Holders of GDRs which have not previously been so surrendered by reference to that proportion of the Deposited Property which is represented by the GDRs of which they are the Holders. After making such sale, the Depositary shall be discharged from all obligations under the Deposit Agreement and these Conditions, except its obligation to account to Holders for such net proceeds of sale and other cash comprising the Deposited Property without interest.

22. **Amendment of Deposit Agreement and Conditions**

22.1 All and any of the provisions of the Deposit Agreement and these Conditions (other than this Condition 22) may at any time and from time to time be amended by agreement between the Company and the Depositary in any respect which they may deem necessary or desirable. Notice of any amendment of these Conditions (except to correct a manifest error) shall be duly given to the Holders by the Depositary, and any amendment (except as aforesaid) which shall increase or impose fees or charges payable by Holders or which shall otherwise, in the opinion of the Depositary, be materially prejudicial to the interests of the Holders (as a class) shall not become effective so as to impose any obligation on the Holders of the outstanding GDRs until the expiry of thirty calendar days after such notice shall have been given. During such period of thirty calendar days, each Holder shall be entitled to obtain, subject to and upon compliance with Condition 2 and subject to payment by the Holder of the charge specified in Condition 16.1(i) and Clause 10.1.1(a) of the Deposit Agreement for such delivery and surrender, and payment by the Holder of any sums payable by the Depositary and/or any other expenses incurred by the Depositary (together with all amounts which the Depositary is obliged to pay to the Custodian) in connection with such delivery and surrender, and otherwise in accordance with the Deposit Agreement, delivery of the Deposited Property relative to each GDR held by it upon surrender thereof. Each Holder at the time when any such amendment so becomes effective shall be deemed, by continuing to hold a GDR, to approve such amendment and to be bound by the terms thereof in so far as they affect the rights of the Holders. In no event shall any amendment impair the right of any Holder to receive, subject to and upon compliance with Condition 2, the Deposited Property attributing to the relevant GDR.

22.2 For the purposes of this Condition 22, an amendment shall not be regarded as being materially prejudicial to the interests of Holders if its principal effect is to permit the creation of GDRs in respect of additional Shares to be held by the Depositary which are or will become fully consolidated as a single series with the other Deposited Shares **PROVIDED THAT** temporary GDRs will represent such Shares until they are so consolidated.

22.3 The Company and the Depositary may at any time by agreement in any form amend the number of Shares represented by each GDR, provided that each outstanding GDR represents the same number of Shares as each other outstanding GDR, and at least 30 calendar days notice of such amendment is given to the Holders, but in no circumstances shall any amendment pursuant to this Condition 22.3 be regarded as an amendment requiring 30 calendar days notice in accordance with Condition 22.1.

23. **Notices**

23.1 Any and all notices to be given to any Holder shall be duly given if personally delivered, or sent by mail (if domestic, first class, if overseas, first class airmail) or air courier, or by telex or facsimile transmission confirmed by letter sent by mail or air courier, addressed to such Holder at the address of such Holder as it appears on the transfer books for GDRs of the Depositary, or, if such Holder shall have filed with the Depositary a written request that notices intended for such Holder be mailed to some other address, at the address specified in such request.

23.2 Delivery of a notice sent by mail or air courier shall be effective three days (in the case of domestic mail or air courier) or seven days (in the case of overseas mail) after despatch, and any notice sent by telex transmission, as provided in this Condition, shall be effective when the sender receives the answer back from the addressee at the end of the telex and any notice sent by facsimile transmission, as provided in this Condition, shall be effective when the intended recipient has confirmed by telephone to the transmitter thereof that the recipient has received such facsimile in complete and legible form. The Depositary or the Company may, however, act upon any telex or facsimile transmission received by it from the other or from any Holder, notwithstanding that such telex or facsimile shall not subsequently be confirmed as aforesaid.

23.3 So long as GDRs are listed on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange and the rules of the UK Listing Authority or the London Stock Exchange so require, all notices to be given to Holders generally will also be published in a leading daily newspaper having general circulation in the UK (which is expected to be the Financial Times).

24. **Reports and information on the Company**

24.1 The Company has undertaken in the Deposit Agreement (so long as any GDR is outstanding) to furnish the Depositary with a copy in the English language (and to make available to the Depositary, the Custodian and each Agent as many further copies as they may reasonably require to satisfy requests from Holders) of:

24.1.1 in respect of the financial year ending on 31st December 2016 and in respect of each financial year thereafter the non-consolidated (or, if published for holders of Shares, consolidated) balance sheets as at the end of such financial year and the non-consolidated (or, if published for holders of Shares, consolidated) statements of income for such financial year in respect of the Company, prepared in accordance with IFRS and reported upon by independent public accountants appointed in accordance with Egyptian law, as soon as practicable (and in any event within 180 days) after the end of such year; and

24.1.2 semi-annual non-consolidated (and, if published for holders of Shares, consolidated) financial statements for holders of Shares, as soon as practicable (and in any event within 120 days) after the same are published.

24.2 The Depositary shall upon receipt thereof give due notice to the Holders that such copies are available upon request at its specified office and the specified office of any Agent.

24.3 The Company has undertaken in a deed poll issued by it pursuant to and in the form set out in Exhibit A to the Deposit Agreement that, for as long as the GDRs are restricted securities as defined in Rule 144(a)(3) under the Securities Act and unless the Company becomes subject to and complies with the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, or the information furnishing requirements of Rule 12g3-2(b) thereunder, to make available to any Holder, owner of a GDR or Share or prospective purchaser, upon the request of such Holder, owner of a GDR or Share or prospective purchaser, at the specified office of the Depositary all such information from time to time required to be delivered pursuant to Rule 144A(d)(4).

25. **Copies of Company notices**

On or before the day when the Company first gives notice, by mail, publication or otherwise, to holders of any Shares or other Deposited Property, whether in relation to the taking of any action in respect thereof or in respect of any dividend or other distribution thereon or of any meeting or adjourned meeting of such holders or otherwise, the Company has undertaken in the Deposit Agreement to transmit to the Custodian and the Depositary such number of copies of such notice and any other material (which in the opinion of the Company contains information having a material bearing on the interests of the Holders) furnished to such holders by the Company in connection therewith as the Depositary may reasonably request. Except as provided below, the Depositary shall, as soon as practicable after receiving notice of such transmission, give due notice to the Holders which notice may be given together with a notice pursuant to Condition 9.1, and shall make the same available to Holders in such manner as it may determine.

26. **Moneys held by the Depositary**

The Depositary shall be entitled to deal with moneys paid to it by the Company for the purposes of the Deposit Agreement in the same manner as other moneys paid to it as a banker by its customers and shall not be liable to account to the Company or any Holder or any other person for any interest thereon, except as otherwise agreed and shall not be obliged to segregate such moneys from other moneys belonging to the Depositary.

27. **Severability**

If any one or more of the provisions contained in the Deposit Agreement or in these Conditions shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained therein or herein shall in no way be affected, prejudiced or otherwise disturbed thereby.

28. **Governing Law**

28.1 The Deposit Agreement, the GDRs and all non-contractual obligations arising from or connected with the Deposit Agreement or the GDRs are governed by and shall be construed in accordance with English law. The rights and obligations attaching to the Deposited Shares will be governed by Egyptian law except that the certifications set forth in Schedules 3 and 4 to the Deposit Agreement and any provisions relating thereto shall be governed by and construed in accordance with the laws of the State of New York. The Company has submitted in respect of the Deposit Agreement and Deed Poll to the jurisdiction of the English courts and the courts of the State of New York and any United States Federal Court sitting in the Borough of Manhattan, New York City.

28.2 The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the GDRs (including any dispute relating to the existence, validity or termination of the GDRs, or any non-contractual obligations arising out of or in connection with the GDRs, or the consequences of the nullity of the GDRs) and accordingly any legal action or proceedings arising out of or in connection with the GDRs ("Proceedings") may be brought in such courts. Without prejudice to the foregoing, the Depositary further agrees that any Proceedings may be brought in any New York State or United States Federal Court sitting in the Borough of Manhattan, New York City. The Depositary irrevocably submits to the non-exclusive jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Holders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

28.3 In the event that the Depositary is made a party to, or is otherwise required to participate in, any litigation, arbitration, or Proceeding (whether judicial or administrative) which arises from or is related to or is based upon any act or failure to act by the Company, or which contains allegations to such effect, upon notice from the Depositary, the Company has agreed to fully cooperate with the Depositary in connection with such litigation, arbitration or Proceeding.

28.4 The Depositary irrevocably appoints The Bank of New York Mellon, London Branch, (Attention: The Manager) of 48th Floor, One Canada Square, London, E14 5AL as its agent in England to receive service of process in any Proceedings in England based on any of the GDRs. If for any reason the Depositary does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Holders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

28.5 To the extent that the Company may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Company or its assets or revenues, the Company has agreed not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

28.6 The Company has submitted in respect of the Deposit Agreement to the jurisdiction of the courts of England and to the courts of the State of New York and any United States Federal Court sitting in the Borough of Manhattan, New York City. It has appointed agents for the service of process in England and in the Borough of Manhattan, New York City. The Company has also agreed in the Deposit Agreement to allow the Depositary to elect that Disputes are resolved by arbitration.

SUMMARY OF PROVISIONS RELATING TO THE GDRs WHILE IN MASTER FORM

The GDRs will initially be evidenced by (i) a single Regulation S Master GDR in registered form and (ii) a single Rule 144A Master GDR in registered form. The Rule 144A Master GDR will be deposited with The Bank of New York Mellon in New York as custodian for DTC and registered in the name of Cede & Co as nominee for DTC on the date the GDRs are issued. The Regulation S Master GDR will be deposited with The Bank of New York Mellon, London Branch as common depositary for Euroclear and Clearstream (and registered in the name of The Bank of New York Depository (Nominees) Limited as nominee for the common depositary) on the date the GDRs are issued.

The Regulation S Master GDR and the Rule 144A Master GDR contain provisions which apply to the GDRs while they are in master form, some of which modify the effect of the Conditions of the GDRs set out in this document. The following is a summary of certain of those provisions. Words and expressions given a defined meaning in the Conditions shall have the same meanings in this section unless otherwise provided in this section.

The Master GDRs will only be exchanged for certificates in definitive registered form representing GDRs in the circumstances described in (i), (ii), (iii) or (iv) below in whole but not in part. The Depositary will irrevocably undertake in the Master GDRs to deliver certificates in definitive registered form representing GDRs in exchange for the relevant Master GDR to the Holders within 60 calendar days in the event that:

(i) DTC, in the case of the Rule 144A Master GDR, or Euroclear or Clearstream, in the case of the Regulation S Master GDR or any successor, notifies the Company in writing that it is unwilling or unable to continue as depositary and a successor depositary is not appointed within 90 calendar days; or

(ii) in respect of the Rule 144A Master GDR, DTC or any successor ceases to be a “clearing agency” registered under the United States Securities Exchange Act of 1934, as amended; or

(iii) Either DTC in the case of Rule 144A Master GDR, or Euroclear or Clearstream in the case of the Regulation S Master GDR, is closed for business for a continuous period of 14 calendar days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, and, in each case, no alternative clearing system satisfactory to the Depositary is available within 45 calendar days; or

(iv) the Depositary has determined that, on the occasion of the next payment in respect of the GDRs, the Depositary or its agent would be required to make any deduction or withholding from any payment in respect of the GDRs which would not be required were the GDRs in definitive registered form, provided that the Depositary shall have no obligation to so determine or to attempt to so determine.

Any exchange shall be at the expense (including printing costs) of the Issuer.

A GDR evidenced by an individual definitive certificate will not be eligible for clearing and settlement through Euroclear, Clearstream or DTC. Upon any exchange of a Master GDR for certificates in definitive registered form, or any exchange of interests between the Rule 144A Master GDR and the Regulation S Master GDR pursuant to Clause 4 of the Deposit Agreement, or any distribution of GDRs pursuant to Conditions 5, 7 or 10 or any reduction in the number of GDRs represented thereby following any withdrawal of Deposited Property pursuant to Condition 2, the relevant details shall be entered by the Depositary on the register maintained by the Depositary whereupon the number of GDRs represented by the Master GDR shall be reduced or increased (as the case may be) for all purposes by the number so exchanged and entered on the register. If the number of GDRs represented by a Master GDR is reduced to zero, such Master GDR shall continue in existence until the obligations of the Company under the Deposit Agreement and the obligations of the Depositary pursuant to the Deposit Agreement and the Conditions have terminated.

Payments, Distributions and Voting Rights

Payments of cash dividends and other amounts (including cash distributions) will, in the case of GDRs represented by the Regulation S Master GDR be made by the Depositary through Euroclear and Clearstream and, in the case of GDRs represented by the Rule 144A Master GDR, will be made by the Depositary through DTC, on behalf of persons entitled thereto upon receipt of funds therefor from the Issuer. A free distribution or rights issue of Shares to the Depositary on behalf of the Holders will result in the record maintained by the Depositary being marked up to reflect the enlarged number of GDRs represented by the relevant Master GDR.

Holders of GDRs will have voting rights as set out in the Conditions.

Surrender of GDRs

Any requirement in the Conditions relating to the surrender of a GDR to the Depositary shall be satisfied by the production by Euroclear or Clearstream (in the case of GDRs represented by the Regulation S Master GDR), or by DTC (in the case of GDRs represented by the Rule 144A Master GDR), on behalf of a person entitled to an interest therein of such evidence of entitlement of such person as the Depositary may reasonably require, which is expected to be a certificate or other documents issued by Euroclear or Clearstream or DTC, as appropriate. The delivery or production of any such evidence shall be sufficient evidence, in favour of the Depositary, any Agent and the Custodian of the title of such person to receive (or to issue instructions for the receipt of) all money or other property payable or distributable in respect of the Deposited Property represented by such GDRs.

Notices

For as long as the Regulation S Master GDR is registered in the name of a nominee for a common depository holding on behalf of Euroclear and Clearstream, and the Rule 144A Master GDR is registered in the name of DTC or its nominee, notices to Holders may be given by the Depositary by delivery of the relevant notice to Euroclear and Clearstream, or (as appropriate) DTC, for communication to persons entitled thereto in substitution for delivery of notices in accordance with Condition 23.

The Master GDRs shall be governed by and construed in accordance with English law.

TAXATION

The following summary of certain material United Kingdom, Egyptian and U.S. federal income tax consequences of ownership of the GDRs is based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect at the date of this Prospectus. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming. Any such changes or interpretations could affect the tax consequences to holders of the GDRs, possibly on a retroactive basis, and could alter or modify the statements and conclusions set out herein. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of the GDRs. Each prospective holder is urged to consult its own tax advisor as to the particular tax consequences to such holder of the ownership and disposition of the GDRs, including the applicability and effect of any other tax laws or tax treaties, of pending or proposed changes in applicable tax laws as at the date of this Prospectus, and of any actual changes in applicable tax laws after such date.

Certain Material United States Federal Income Tax Considerations

The following is a summary of certain material U.S. federal income tax consequences with respect to the acquisition, ownership and disposition of the GDRs by a U.S. Holder (as defined below). This description addresses only the U.S. federal income tax considerations applicable to purchasers of the GDRs that will hold such GDRs as capital assets (generally, property held for investment) for U.S. federal income tax purposes. This summary does not purport to address all U.S. tax consequences of the ownership of the GDRs and does not address aspects of U.S. federal income taxation that may be applicable to U.S. Holders that are subject to special tax rules, including, without limitation:

- banks, financial institutions or insurance companies;
- real estate investment trusts, regulated investment companies or grantor trusts;
- dealers or traders in securities, commodities or currencies;
- tax-exempt entities, including “Section 401” pension plans;
- individual retirement accounts and other tax deferred accounts;
- persons that receive the GDRs as compensation for the performance of services;
- persons that will hold the GDRs as part of a “hedging”, “conversion”, integrated or constructive sale transaction or as a position in a “straddle” for U.S. federal income tax purposes;
- persons that mark their securities to market;
- persons that are residents of Egypt for Egyptian tax purposes or that conduct a business or have a permanent establishment in Egypt;
- certain U.S. expatriates or former long-term residents of the United States;
- “dual resident” corporations;
- persons that have a “functional currency” other than the U.S. Dollar;
- holders that own or are deemed to own 10% or more, by voting power or value, of the equity interests of the Issuer; or
- a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) or a partner, member or owner therein.

Further, this summary does not address state, local, foreign or other tax laws, nor does it address the 3.8% Medicare tax on net investment income, the alternative minimum tax or the U.S. federal gift and estate tax consequences of the acquisition, holding or disposition of the GDRs. This summary, furthermore, does not address the tax consequences of owning options or warrants or similar instruments on the GDRs, or any tax consequences applicable to the holder of an equity interest in a holder of GDRs.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), its legislative history, existing and proposed regulations promulgated thereunder, published rulings and pronouncements of the U.S. Internal Revenue Service (the "**IRS**") and court decisions, in each case as in effect on the date of this prospectus, all of which are subject to change (or to changes in interpretation), possibly with retroactive effect, and are subject to differing interpretations, so as to result in U.S. federal income tax consequences different from those summarised below. We have not requested, and do not intend to request, a ruling from the IRS with respect to matters addressed herein.

EACH PROSPECTIVE INVESTOR SHOULD SEEK ADVICE FROM HIS, HER OR ITS OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES TO SUCH INVESTOR OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE GDRS, INCLUDING THE APPLICABILITY AND EFFECT OF ANY OTHER TAX LAWS OR TAX TREATIES, AND OF PENDING OR PROPOSED CHANGES IN APPLICABLE TAX LAWS AS OF THE DATE OF THIS PROSPECTUS AND OF ANY ACTUAL CHANGES IN APPLICABLE TAX LAWS AFTER SUCH DATE.

U.S. Holders

For the purposes of this summary, a "U.S. Holder" is a beneficial owner of a GDR that is:

- a citizen or individual resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organised in or under the laws of the United States or any political subdivision thereof, including the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over its administration, and one or more U.S. persons have the authority to control all of the substantial decisions of such trust, or (ii) such trust has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

General

In general, and taking into account the earlier assumptions, a U.S. Holder of GDRs will be treated as the owner of the Shares represented by such GDRs for U.S. federal income tax purposes. No gain or loss will be recognised if you exchange GDRs for the Shares represented by those GDRs. Your tax basis in such Shares will be the same as your tax basis in such GDRs, and the holding period in such Shares will include the holding period in such GDRs. You should consult your own tax advisor about how to calculate your tax basis and holding period if you acquire GDRs at different times or with different purchase prices.

Distributions

Subject to the discussion below under "Passive Foreign Investment Company Considerations," U.S. Holders of the GDRs will include in gross income, when actually or constructively received by the U.S. Holder, the gross amount of any cash or the fair market value of any property distributed by the Issuer (before reduction for any Egyptian withholding taxes, if applicable) in respect of the GDRs to the extent such distribution is paid out of the Issuer's current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). The Issuer does not intend to compute (or to provide U.S. Holders with information necessary to compute) earnings and profits under U.S. federal income tax principles. Accordingly, U.S. Holders generally will be required to treat all distributions as taxable ordinary dividend income.

Dividends paid by the Issuer will not be eligible for the dividends received deduction generally allowed to U.S. corporate shareholders under the Code. Dividends received on the GDRs by certain non-corporate U.S. Holders will be subject to taxation at preferential U.S. federal income tax rates applicable to long-term capital gain if the dividends are "qualified dividends." Dividends paid on the GDRs would be treated as qualified dividends if (1) the Issuer is eligible for the benefits of a comprehensive income tax treaty with the United States that the IRS has approved for the purposes of the qualified dividend rules, (2) the Issuer was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a passive foreign investment company ("**PFIC**") (see the discussion below under "**—***Passive Foreign Investment Company Considerations*"), and (3) certain additional conditions are met, including certain holding period requirements.

If the Issuer pays a dividend in a currency other than the U.S. Dollar, any such dividend will be included in the gross income of the U.S. Holder in an amount equal to the U.S. Dollar value of the non-U.S. currency on the date of receipt by the Depositary, determined at the spot foreign currency/U.S. Dollar exchange rate on that date, regardless of whether the payment is in fact converted into U.S. Dollars at that time. U.S. Holders will have a tax basis in the non-U.S. currency received equal to its U.S. Dollar value on the date of receipt. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is includible in income to the date such payment is converted into U.S. Dollars will be treated as ordinary income or loss, and will be income to a U.S. Holder from sources within the United States for foreign tax credit limitation purposes.

As discussed in "*—Egyptian Tax Considerations*", under current law payments of dividends by the Issuer are expected to be subject to Egyptian withholding tax. For U.S. federal income tax purposes, the amount of any dividend received by a U.S. Holder will include any amounts withheld in respect of Egyptian withholding taxes. As a result, the amount of dividend income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of dividends may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from the Issuer with respect to the payment.

Subject to certain limitations, a U.S. Holder will generally be entitled to a credit against its U.S. federal income tax liability for any Egyptian income taxes withheld from dividend payments made by the Issuer. For purposes of the foreign tax credit limitation, foreign source income, including any dividends paid by the Issuer, is classified in one of two categories, and the credit for foreign taxes on income in any category is limited to U.S. federal income tax allocable to that income. Any dividends paid by the Issuer will be treated as foreign source income, and generally will constitute "passive category income" or, in the case of certain U.S. Holders, "general category income." In lieu of claiming a foreign tax credit, U.S. Holders may, at their election, deduct foreign taxes, including any Egyptian withholding tax, in computing their taxable income, subject to generally applicable limitations under U.S. law. An election to deduct foreign taxes, instead of claiming foreign tax credits, applies to all foreign taxes paid or accrued in the taxable year. The rules governing foreign tax credits are complex, and each U.S. Holder should consult its own tax advisor regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Taxable Disposition of GDRs

Upon a sale or other taxable disposition of the GDRs (which does not include an exchange of GDRs for Shares), a U.S. Holder will recognise capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the U.S. Dollar value of the amount realised and the U.S. Holder's adjusted tax basis (determined in U.S. Dollars) in such GDRs. Subject to the discussion below under "Passive Foreign Investment Company Considerations, " such gain or loss generally will be capital gain or loss and will be treated as from sources within the United States for foreign tax credit limitation purposes, and such capital gain to U.S. Holders who are individuals (as well as certain trusts and estates) will be eligible for a preferential rate of taxation applicable to long-term capital gains if such U.S. Holder's holding period determined at the time of such sale or other taxable disposition for such Shares exceeds one year. The deductibility of capital losses is subject to significant limitations.

With respect to the sale or other taxable disposition of the GDRs where consideration is paid other than in U.S. Dollars, the amount realised by a U.S. Holder generally will be the U.S. Dollar value of the payment received determined on (i) the date of receipt of payment in the case of a cash basis U.S. Holder and (ii) the date of disposition in the case of an accrual basis U.S. Holder. If the GDRs are treated as traded on an "established securities market", a cash basis taxpayer or, if it so elects, an accrual basis taxpayer, will determine the U.S. Dollar value of the amount realised by translating the amount received at the spot rate of exchange on the settlement date of the sale. A U.S. Holder will have a tax basis in the non-U.S. currency received equal to the U.S. Dollar amount realised. Any currency exchange gain or loss realised on a subsequent conversion of the non-U.S. currency into U.S. Dollars for a different amount generally will be treated as ordinary income or loss from sources within the United States. However, if such non-U.S. currency is converted into U.S. Dollars on the date received by the U.S. Holder, a cash basis or electing accrual basis U.S. Holder should not recognise any gain or loss on such conversion.

Passive Foreign Investment Company Considerations

Based upon current estimates, expectations and projections of the value and classification of the Issuer's assets, the sources and nature of the Issuer's income and the Issuer's use of the net proceeds of this offering, the Issuer believes that the GDRs should not be treated as stock of a PFIC for U.S. federal income tax purposes for the current year or in the foreseeable future, but this conclusion is a factual determination that is made annually and there can be no assurance that the Issuer will not be considered a PFIC for the current year or any subsequent year. The Issuer's actual PFIC status for its current taxable year will not be determinable until after the close of its current taxable year ending 31

December 2017 and accordingly, there is no guarantee that the Issuer will not be a PFIC for 2017 or any future taxable year.

In general, if an investor is a U.S. Holder, the Issuer will be a PFIC with respect to such investor if for any taxable year in which the investor held the GDRs:

- at least 75.0% of the Issuer's gross income for the taxable year is "passive income"; or
- at least 50.0% of the value, determined on the basis of a quarterly average, of the Issuer's assets is attributable to assets that produce or are held for the production of passive income.

Passive income for this purpose generally includes dividends, interest, royalties, rents, annuities and gains from assets that produce passive income. The Issuer will be treated as owning its proportionate share of the assets and earnings and its proportionate share of the income of any other corporation in which the Issuer owns, directly or indirectly, at least 25.0% by value of the stock of such other corporation. If the Issuer is a PFIC for any year during which an investor holds GDRs, such investor generally will be required to treat the GDRs as stock in a PFIC for all succeeding years which it holds GDRs, even if the Issuer does not otherwise meet the PFIC tests for such year.

The Issuer is unable to determine with certainty that it is not a PFIC because the application of the PFIC rules to banks is unclear under present U.S. federal income tax law. Issuers generally derive a substantial part of their income from assets that are interest bearing or that otherwise could be considered passive under the PFIC rules. The IRS has issued a notice and has proposed regulations that exclude from passive income any income derived in the active conduct of a banking business by a qualifying foreign bank (the "**active bank exception**"). The IRS notice and proposed regulations have different requirements for qualifying as a foreign bank, and for determining the banking income that may be excluded from passive income under the active bank exception. Moreover, the proposed regulations have been outstanding since 1994 and will not be effective unless finalised.

The Issuer believes that it should qualify as an active bank under both the notice and the proposed regulations, assuming that the proposed regulations are finalised in their current form. Accordingly, based on the Issuer's present regulatory status under Egyptian law, the present nature of its activities and the present composition of its assets and sources of income, the Issuer does not believe it was a PFIC for the taxable year ending 31 December 2016 (the latest period for which the determination can be made) and the Issuer does not expect to be a PFIC for the current year or for any future years.

However, because a PFIC determination is a factual determination that must be made following the close of each taxable year and is based on, among other things, the market value of the Issuer's assets and shares, and because the proposed regulations (although proposed to be retroactive in application) are not currently in force, the Issuer's PFIC status may change and there can be no assurance that the Issuer will not be considered a PFIC for the current year or any subsequent year. If the Issuer is treated as a PFIC for any year in which an investor holds GDRs, and the investor is a U.S. Holder that did not make a mark-to-market election, as described below, such investors will be subject to special rules with respect to:

- any gain it realises on the sale or other disposition (including certain pledges) of its GDRs; and
- any excess distribution that the Issuer makes to it (generally, any distributions to it during a single taxable year that are greater than 125.0% of the average annual distributions received by it in respect of the GDRs during the three preceding taxable years or, if shorter, its holding period for the GDRs).

Under these rules:

- the gain or excess distribution will be allocated rateably over the investor's holding period for the GDRs;
- the amount allocated to the taxable year in which it realised the gain or excess distribution will be taxed as ordinary income;
- the amount allocated to each prior year, with certain exceptions, will be taxed at the highest tax rate in effect for that year; and
- the interest charge generally applicable to underpayments of tax will be imposed in respect of the tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or "excess distribution" cannot be offset by any net operating losses for such years, and gains (but not losses) realised on the sale of the GDRs cannot be treated as capital, even if the investor holds the GDRs as capital assets. If the Issuer were a PFIC, certain subsidiaries and other entities in which it has a direct or indirect interest may also be PFICs ("**Lower-tier PFICs**"). Under attribution rules, a U.S. Holder would be deemed to own its proportionate shares of Lower-tier PFICs and would be subject to U.S. federal income tax according to the rules described above on (i) certain distributions by a Lower-tier PFIC and (ii) certain dispositions of shares of a Lower-tier PFIC, in each case as if the U.S. Holder held such shares directly, even though such U.S. Holder had not received the proceeds of those distributions or dispositions.

Alternatively, a U.S. Holder of "marketable stock" (as defined below) may make a mark-to-market election. If an investor makes this election, it will not be subject to the PFIC rules described above. Instead, in general, it will include as ordinary income each year the excess, if any, of the fair market value of its GDRs at the end of the taxable year over its adjusted basis in its GDRs. These amounts of ordinary income will not be eligible for the favourable tax rates applicable to qualified dividend income or long-term capital gains. The investor will also be allowed to take an ordinary loss in respect of both (1) the excess, if any, of the adjusted basis of its GDRs over their fair market value at the end of the taxable year and (2) any loss realised on the actual sale or disposition of the GDRs, but in each case only to the extent of the net amount of previously included income as a result of the mark-to-market election. Any loss on an actual sale of its GDRs would be a capital loss to the extent it exceeds any previously included mark-to-market income not offset by previous ordinary deductions. An investor's basis in the GDRs will be adjusted to reflect any such income or loss amounts.

The mark-to-market election is available only for "marketable stock," which is stock that is regularly traded in other than *de minimis* quantities on at least 15 days during each calendar quarter on a qualified exchange or other market, as defined in applicable regulations. The GDRs are listed on the London Stock Exchange, and the Issuer expects, although no assurance can be given, that they will be regularly traded on the London Stock Exchange. It is unclear whether the London Stock Exchange constitutes a qualified exchange or market, and, even if the London Stock Exchange so qualifies, whether the GDRs will be treated as "marketable stock" for purposes of the mark-to-market rules. In addition, the mark-to-market election generally would not be effective for any Lower-tier PFICs. Investors are urged to consult their own tax advisors regarding the U.S. federal income tax consequences that would arise if the Issuer is treated as a PFIC while they hold GDRs.

In addition, notwithstanding any election an investor makes with regard to the GDRs, dividends that it receives from the Issuer will not constitute qualified dividend income to the investor if the Issuer is a PFIC either in the taxable year of the distribution or any preceding taxable year during which an investor held GDRs. Instead, an investor must include the gross amount of any such dividend paid by the Issuer out of the Issuer's accumulated earnings and profits (as determined for U.S. federal income tax purposes) in the investor's gross income, and it will be subject to tax at rates applicable to ordinary income.

If an investor holds GDRs that are treated as PFIC shares with respect to the investor, the investors will be required to file IRS Form 8621 in any year in which it has in effect a mark-to-market election, receives a direct or indirect distribution, or recognises gain on any direct or indirect disposition with respect to the GDRs. Additionally, under legislation enacted in 2010, if an investor holds GDRs in any year in which the Issuer is a PFIC, the U.S. Treasury Department may require the investor to file an annual report containing such information as the U.S. Treasury Department may require.

In addition, if the Issuer is a PFIC, it does not intend to prepare or provide an investor with the information necessary to make a "qualified electing fund" election, which, like the mark-to-market election, is a means by which U.S. taxpayers may elect out of the tax treatment that generally applies to PFICs.

Investors are urged to consult their own tax advisors regarding the application of the PFIC rules to their investments in GDRs, including the availability and advisability of making an election to avoid the adverse tax consequences of the PFIC rules should the Issuer be considered a PFIC for any taxable year and the application of the recently enacted legislation to an investor's particular situation.

Backup Withholding and Information Reporting

Payments of dividends and other proceeds made by a U.S. paying agent or other United States intermediary broker in respect of the GDRs, including to Non-U.S. Holders, may be subject to information reporting to the IRS and to backup withholding. Backup withholding will not apply, however, to a holder who (i) furnishes a correct taxpayer identification number and makes any other required certification or (ii) is otherwise exempt from backup withholding. Certain U.S. Holders (including corporations) are not subject to backup withholding.

Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder will be allowed as a refund or a credit against such U.S. Holder's U.S. federal income tax, provided that the required information is timely furnished to the IRS.

Possible Foreign Account Tax Compliance Act Withholding

A 30% withholding tax may be imposed on all or some of the payments on the GDRs after 31 December 2018 to holders and non-U.S. financial institutions receiving payments on behalf of holders that, in each case, fail to comply with information reporting, certification and related requirements. This withholding tax, if it applies, could apply to any payment made with respect to the GDRs, and GDRs held through a non-compliant institution may be subject to withholding even if the holder otherwise would not be subject to withholding. U.S. and non-U.S. Holders are urged to consult their tax advisers regarding the application of FATCA to their ownership of the GDRs.

In addition, certain payments received by the Issuer may be subject to 30% withholding if the Issuer does not comply with reporting obligations imposed by FATCA. The Issuer intends to comply with FATCA to the extent necessary to avoid the imposition of such withholding.

Information Reporting Regarding Specified Foreign Financial Assets

Certain U.S. Persons that own "specified foreign financial assets," including securities issued by any foreign person, either directly or indirectly or through certain foreign financial institutions, if the aggregate value of all of those assets exceeds U.S.$50,000 on the last day of the taxable year or U.S.$75,000 at any time during the taxable year may be required to report information relating to non-U.S. accounts through which the U.S. Holders hold their securities (or information regarding the securities if the securities are not held through any financial institution). U.S. Holders are urged to consult their tax advisors regarding the application of this legislation to their ownership of the GDRs and Shares.

United Kingdom Tax Considerations

General

The following paragraphs are based on current U.K. tax legislation and HM Revenue and Customs' practice at the date of this Prospectus each of which is subject to change, possibly with retrospective effect. The summary set out below is intended as a general guide for certain classes of investor and does not purport to constitute a comprehensive analysis of the tax consequences under U.K. law of the acquisition, ownership and sale of GDRs. It is not intended to be, nor should it be considered, legal or tax advice. Current and prospective holders of GDRs who are in any doubt as to their tax position, or who are subject to tax in a jurisdiction other than the U.K., should consult their own independent professional adviser immediately.

Except where indicated, the following summary only covers certain limited aspects of the U.K. tax consequences for holders of GDRs (a) who are individuals and resident in (and only in) the U.K. and domiciled in the U.K. for U.K. tax purposes; (b) individuals who, although not resident or domiciled in the U.K. for U.K. tax purposes carry on a trade, profession or vocation in the U.K. through a branch or agency in the U.K. to which the GDRs are attributable; (c) corporate bodies resident in the U.K. for U.K. taxation purposes; and (d) corporate bodies who, although not so resident, carry on a trade, profession or vocation through a permanent establishment in the U.K. to which the GDRs are attributable, and who (in all cases (a) to (d) above) do not have a branch or agency or permanent establishment outside the U.K. with which the holding of GDRs is connected and who are not treated as resident in any jurisdiction other than the U.K. for any tax purposes and whose investment in the GDRs (including any operations associated with such investments) are *bona fide* commercial transactions the purpose or one of which is not the avoidance of a liability of taxation ("**U.K. Holders**").

In addition, the following summary (a) only addresses the tax consequences for U.K. Holders of GDRs who are beneficial owners and hold the GDRs as capital assets, and does not address the tax consequences which may be relevant to certain other categories of holders, for example, dealers in securities or holders who have (or are deemed to have) acquired their GDRs by virtue of an office or employment, (b) does not address the tax consequences for U.K. Holders that are banks, financial institutions, insurance companies, collective investment schemes or persons connected with the Issuer or with depository arrangements or clearance services, intermediaries or persons who benefit from special exemption from U.K. tax, for example, pension schemes, charities and other tax-exempt organisations, (c) assumes that the U.K. Holder does not control or hold (and is not deemed to control or hold), either alone or together with one or more associated or connected persons, either directly or indirectly, 10% or more of the shares (or any class thereof), the voting power, rights to profits or capital in the Issuer, and is not otherwise connected with the Issuer,

(d) assumes that there will be no register kept in the U.K. by or on behalf of the Issuer or the Depositary in respect of the GDRs or the shares, (e) assumes that the GDRs will not be issued by, and the Shares will not be held by a depositary incorporated in the U.K., and (f) assumes that neither the GDRs nor the Shares will be paired with Shares issued by a company incorporated in the U.K.

Taxation of chargeable gains

Taxation of disposals

The disposal or deemed disposal of GDRs should be treated as a disposal of the underlying Shares for U.K. tax purposes, which may give rise to a chargeable gain or an allowable loss for the purposes of capital gains tax on the assumption that the Depositary acts merely as a nominee for the investor or as a bare trustee of the Shares. Accordingly, for capital gains purposes, the nominee or bare trustee should be ignored and the investor should be treated as holding the Shares directly.

In the alternative, it is possible that Her Majesty's Revenue & Customs ("**HMRC**") will treat the disposal of GDRs as the disposal of two separate assets, namely (i) the beneficial interest in the underlying Shares and (ii) the GDRs comprising the rights the GDR holder has against the Depositary pursuant to the Deposit Agreement. If HMRC were to take such a view, HMRC's published practice indicates that the GDRs should be disregarded and there should, therefore, only be a gain or loss calculated by reference to the value of the underlying Shares.

For a U.K. Holder, the principal factors that will determine the extent to which any such gain will be subject to capital gains tax are the extent to which the holder realises any other capital gains in that year, the extent to which the holder has incurred capital losses in that or any earlier year, and the level of the "annual exempt amount" for the tax year in which the disposal takes place. The "annual exempt amount" is an annual allowance for otherwise taxable gains of individuals up to the exempt amount for the relevant tax year. For the tax year 2013/14, the "annual exempt amount" is £10,900 and for the tax year 2014/15 the "annual exempt amount" is £11,000. Subject to the availability of any exemptions, reliefs, or allowable losses, a gain realised by a holder who is a U.K. resident individual will be subject to capital gains tax, currently at a rate of 18 or 28 per cent, or a combination of both rates, depending on whether the holder's taxable income for the year exceeds the basic rate income tax limit. An individual holder who is temporarily not resident in the U.K. may, in certain circumstances, be liable to capital gains tax in respect of gains realised whilst the holder is not resident in the U.K.

A disposal of GDRs by a U.K. Holder which is a body corporate may give rise to a chargeable gain or an allowable loss for the purposes of U.K. corporation tax depending on their circumstances. Chargeable gains for such a holder will be subject to corporation tax which, for periods on or after 1 April 2014 is charged at rates up to 21%, reducing to 20% with effect from 1 April 2015.

A corporate holder of GDRs which is resident in the U.K. is eligible for an indexation allowance which applies to reduce capital gains to the extent that (broadly speaking) they arise due to inflation. Indexation allowance may reduce a chargeable gain but not create any allowable loss.

Taxation of dividends

Tax liability for individual U.K. Holders

The references to "dividends" below are to dividends that are treated as income distributions for U.K. tax purposes. The current expectation of the Issuer is that dividends paid by it will be so treated.

U.K. Holders who are individuals will be subject to U.K. income tax on the gross amount of any dividends they receive (before the deduction of any Egyptian withholding tax) as increased by any U.K. tax credit available as described below (with potential credit for Egyptian tax deducted at source, as described below).

Individual U.K. Holders will generally receive a non-payable tax credit equal to one-ninth of the gross amount of the dividend received (before the deduction of any Egyptian withholding tax). For individual U.K. Holders who are liable to U.K. income tax at the dividend additional rate (currently 37.5%) the effect of this tax credit is to reduce the effective rate of U.K. income tax payable in respect of such dividends to approximately 30.6% of the dividend received (before the deduction of any Egyptian withholding tax). For individual U.K. Holders who are liable to U.K. income tax at the dividend upper rate (currently 32.5%), the effect of this credit is to reduce the effective rate of U.K. income tax payable in respect of such dividends to 25% of the dividend received (before the deduction of any Egyptian withholding tax). For individual U.K. Holders who are liable to U.K. income tax at the dividend ordinary rate (currently 10%) the effect of this credit is that they will have no further tax to pay on such dividends. For individual U.K. Holders who are liable to U.K. income tax at the dividend upper rate or the dividend additional rate, further credits against the U.K. income tax due would be available in respect of any Egyptian withholding tax suffered on the dividends received. An individual shareholder who is not subject to U.K. tax on dividends will not be entitled to claim payment of the tax credit in respect of such dividends. An individual's dividend income is treated as the top slice of their total income which is chargeable to U.K. income tax.

See "—*Egyptian Tax Considerations*" for information on Egyptian withholding tax on dividends paid by the Issuer.

Tax liability for corporate U.K. Holders

For U.K. Holders that are corporate bodies, dividends received will be subject to U.K. corporation tax unless those dividends benefit from one of the exemptions set out in Part 9A of the United Kingdom Corporation Tax Act 2009.

For U.K. Holders that are "small companies" for the purposes of that Part (broadly, a company with fewer than 50 employees and whose annual turnover and/or annual balance sheet total does not exceed €10 million), dividends should qualify for exemption from U.K. corporation tax provided that no deduction is allowed to any resident of a territory outside the United Kingdom in respect of the dividend, and the dividend is not made as part of a tax advantage scheme. For U.K. Holders that are not "small companies" for the purposes of that Part, dividends are also likely to qualify for exemption from U.K. corporation tax, provided that no deduction is allowed to any resident of a territory outside the United Kingdom in respect of the dividend, and subject to certain other detailed anti-avoidance provisions within Part 9A. U.K. Holders that are corporate bodies should seek their own advice in this regard.

Stamp duty and stamp duty reserve tax ("SDRT")

No U.K. stamp duty will be payable in connection with a transfer of the Shares provided that any instrument of transfer is executed and retained outside the U.K. and does not relate to any property situated or any matter or thing done or to be done in the U.K.

No U.K. SDRT will be payable in respect of any agreement to transfer the Shares.

No U.K. stamp duty or SDRT will be payable on the issue of the GDRs or their delivery into DTC, Euroclear or Clearstream (as applicable).

No U.K. stamp duty or SDRT will be payable on any transfer of the GDRs once they are issued into DTC, Euroclear or Clearstream (as applicable), where such transfer is effected in electronic book entry form in accordance with the procedures of DTC, Euroclear or Clearstream.

No U.K. stamp duty should be payable in respect of the transfer of GDRs, where the document of transfer is not executed in the U.K. and does not relate to any property situate or to any matter or thing done or to be done in the U.K. No U.K. SDRT should be payable in respect of any agreement to transfer GDRs.

Inheritance tax

U.K. inheritance tax may be chargeable on the death of, or in certain circumstances on a gift by, the holder of GDRs, where the holder is an individual who is domiciled or is deemed to be domiciled in the U.K. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor receives or retains some benefit.

Egyptian Taxation Considerations

The following is a summary of the principal tax consequences for holders of Shares or GDRs who are not resident in Egypt ("**Non-Residents**"). From an Egyptian taxation perspective, the withdrawal of ordinary shares from the deposit facility is considered as a transfer of Shares. This summary addresses only the tax consequences for Non-Resident investors who hold the Shares or GDRs as capital assets and does not address the tax consequences which may be relevant to other classes of Non-Resident investors, such as dealers in securities.

Dividend Withholding Tax

Taxes are levied on the corporation's net profit. In addition, the Tax Law No. 91 of 2005 (as amended) states that any dividends distribution declared by an Egyptian company shall be subject to a withholding tax of 10%. The said percentage is to be reduced to 5%, if the shareholding percentage of the receiving entity exceeds 25% of the capital of the company. It is to be noted that MCDR is entitled and legally obliged to withhold, deduct and pay such dividend tax to the tax authorities. Under the current practice of the Egyptian Tax Authority, this stamp duty tax is not applicable on transfer of Shares from their holders to the Depositary or its nominee or from the Depositary, or its nominee to the holders.

Taxation of Capital Gains

According to Law No. 76 of 2017, the application of the capital gains tax on securities listed on the EGX shall be suspended until May 17, 2020.

Stamp Duty

According to Law No. 76 of 2017, a stamp duty tax was levied on any sale or purchase of securities transaction, whether listed on EGX or not. The tax is 0.00125% (i.e. EGP 1.25 per EGP 1,000) of the value of the transaction to be applied on both sell and buy sides. The said tax is to be increased to 0.0015% (i.e. EGP 1.50 per EGP 1,000) by June 2018 and ultimately is scheduled to reach 0.00175% (i.e. EGP 1.75 per EGP 1,000) by June 2019. The broker is in charge of collecting and paying such taxes.

Inheritance Tax

Under Law № 227 of 1996, Egypt has abolished all inheritance taxes. Accordingly, no inheritance taxes in Egypt will be chargeable on the death of an owner of shares.

TRANSFER RESTRICTIONS ON THE GDRs

None of the GDRs (or the Shares represented thereby) has been or will be registered under the Securities Act and the GDRs may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the GDRs are being offered and sold only:

(i) to persons reasonably believed to be QIBs in compliance with Rule 144A under the Securities Act or in reliance on another exemption from, or transaction not subject to, registration under the Securities Act; and

(ii) in offshore transactions in compliance with Regulation S under the Securities Act. As used in this document, the term "offshore transaction" has the meaning given to it in Regulation S.

Rule 144A GDRs

Each purchaser of Rule 144A GDRs pursuant to Rule 144A, by its acceptance thereof, will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

(1) The purchaser:

(i) is a QIB as that term is defined by Rule 144A under the Securities Act;

(ii) is aware, and each beneficial owner of such Rule 144A GDRs has been advised, that the sale to it is being made in reliance on Rule 144A or another exemption from, or in transaction not subject to, the registration requirements of the Securities Act;

(iii) is acquiring such Rule 144A GDRs for its own account or for the account of one or more QIBs; and

(iv) if it is acquiring such Rule 144A GDRs for the account of one or more QIBs, has sole investment discretion with respect to each such account and has full power to make the acknowledgements, representations and agreements herein on behalf of each such account.

(2) The purchaser is aware that such Rule 144A GDRs (and the Shares represented thereby) have not been and will not be registered under the Securities Act and are being offered in the United States in reliance on Rule 144A only in transactions not involving any public offering in the United States within the meaning of the Securities Act and that such Rule 144A GDRs (and the Shares represented thereby) are subject to significant restrictions on transfer;

(3) If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Rule 144A GDRs (or the Shares represented thereby), such Rule 144A GDRs may be offered, sold, pledged or otherwise transferred only in accordance with the following legend, which the Rule 144A GDRs will bear unless otherwise determined by the Issuer and the Depositary in accordance with applicable law:

THIS RULE 144A MASTER GLOBAL DEPOSITARY RECEIPT AND THE ORDINARY SHARES OF COMMERCIAL INTERNATIONAL BANK (EGYPT) S.A.E. REPRESENTED HEREBY (THE "**SHARES**") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE HOLDER HEREOF BY PURCHASING THE GDRs, AGREES FOR THE BENEFIT OF COMMERCIAL INTERNATIONAL BANK (EGYPT) S.A.E. THAT THE GDRs AND THE SHARES REPRESENTED HEREBY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) TO A PERSON WHOM THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER ("**QIB**") (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (B) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE HOLDER OF THE GDRs WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY SUBSEQUENT PURCHASER OF SUCH GDRs OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. THE BENEFICIAL OWNER OF SHARES RECEIVED UPON CANCELLATION OF ANY RULE 144A GLOBAL DEPOSITARY RECEIPT MAY NOT DEPOSIT OR CAUSE TO

BE DEPOSITED SUCH SHARES INTO ANY DEPOSITARY RECEIPT FACILITY IN RESPECT OF SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK, OTHER THAN A RULE 144A RESTRICTED DEPOSITARY RECEIPT FACILITY, SO LONG AS SUCH SHARES ARE "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144(a)(3) UNDER THE SECURITIES ACT. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALE OF THE SHARES OR ANY RULE 144A GLOBAL DEPOSITARY RECEIPTS.

(4) For so long as the Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, it will not deposit such Shares into any depositary receipt facility in respect of shares established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility.

(5) Each purchaser of Rule 144A GDRs will be deemed to have acknowledged that the Issuer, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the representations or agreements deemed to have been made by its purchase of such GDRs are no longer accurate, it shall promptly notify the Issuer. If it is acquiring such GDRs as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing representations and agreements on behalf of each account.

Prospective purchasers are hereby notified that the sellers of the Rule 144A GDRs may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Regulation S GDRs

Each purchaser of Regulation S GDRs pursuant to Regulation S, by its acceptance thereof, will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S are used herein as defined therein):

(1) The purchaser:

(i) is, and the person, if any, for whose account it is acquiring such Regulation S GDRs is, outside the Unites States for purposes of Rule 903 under the Securities Act;

(ii) is not an affiliate of the Issuer or a person acting on behalf of such an affiliate; and

(iii) is not a securities dealer or, if it is a securities dealer, it did not acquire such Regulation S GDRs (or the Shares represented thereby) from the Issuer or an affiliate thereof in the initial distribution of Regulation S.

(2) The purchaser is aware that such Regulation S GDRs (and the Shares represented thereby) have not been and will not be registered under the Securities Act, are being offered outside the United States in reliance on Regulation S, and are subject to significant restrictions on transfer.

(3) The purchaser will not offer, resell, pledge or otherwise transfer such Regulation S GDRs, except in accordance with the Securities Act and all applicable securities laws of each relevant state of the United States.

(4) If in the future the purchaser decides to offer, resell, pledge or otherwise transfer such Regulation S GDRs (or the Shares represented thereby), such Regulation S GDRs may be offered, sold, pledged or otherwise transferred only in accordance with the following legend, which such Regulation S GDRs will bear unless otherwise determined by the Issuer and the Depositary in accordance with applicable law:

THIS REGULATION S MASTER GLOBAL DEPOSITARY RECEIPT AND THE ORDINARY SHARES OF COMMERCIAL INTERNATIONAL BANK (EGYPT) S.A.E. REPRESENTED HEREBY (THE "**SHARES**") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, PRIOR TO THE EXPIRATION OF A DISTRIBUTION COMPLIANCE PERIOD (DEFINED AS THE PERIOD ENDING 40 DAYS AFTER THE LATEST OF THE COMMENCEMENT OF THE GDR OFFERING, THE ORIGINAL ISSUE DATE OF THE GDRs AND THE LATEST ISSUE DATE WITH RESPECT TO THE ADDITIONAL GDRs, IF ANY, ISSUED TO COVER OVER-ALLOTMENTS) MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (B) TO A PERSON WHOM THE SELLER AND ANY PERSON ACTING ON

ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER ("**QIB**") (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES; **PROVIDED THAT** IN CONNECTION WITH ANY TRANSFER UNDER (B) ABOVE, THE TRANSFEROR SHALL PRIOR TO THE SETTLEMENT OF SUCH SALE, WITHDRAW THE SHARES FROM THE REGULATION S FACILITY (AS DEFINED IN THE DEPOSIT AGREEMENT) IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE DEPOSIT AGREEMENT AND INSTRUCT THAT SUCH SHARES BE DELIVERED TO THE CUSTODIAN UNDER THE DEPOSIT AGREEMENT FOR DEPOSIT IN THE RULE 144A FACILITY (AS DEFINED IN THE DEPOSIT AGREEMENT) THEREUNDER AND THAT RULE 144A GLOBAL DEPOSITARY RECEIPTS REPRESENTED BY A RULE 144A MASTER GLOBAL DEPOSITARY RECEIPT BE ISSUED, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE DEPOSIT AGREEMENT, TO OR FOR THE ACCOUNT OF SUCH QIB.

UPON THE EXPIRATION OF THE DISTRIBUTION COMPLIANCE PERIOD, THE GLOBAL DEPOSITARY RECEIPTS AND THE SHARES REPRESENTED THEREBY SHALL NO LONGER BE SUBJECT TO THE RESTRICTIONS ON TRANSFER PROVIDED IN THIS LEGEND IF, AT THE TIME OF SUCH EXPIRATION, THE OFFER AND SALE OF THE GLOBAL DEPOSITARY RECEIPTS AND THE SHARES REPRESENTED THEREBY BY THE HOLDER IN THE UNITED STATES WOULD NOT BE RESTRICTED UNDER THE SECURITIES LAWS OF THE UNITED STATES OR ANY STATE OF THE UNITED STATES.

Each purchaser of Regulation S GDRs will be deemed to have acknowledged that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

DESCRIPTION OF ARRANGEMENTS TO SAFEGUARD THE RIGHTS OF THE HOLDERS OF THE GLOBAL DEPOSITARY RECEIPTS

Information relating to the Depositary

The Depositary is an entity established in the State of New York, and is a state chartered New York banking corporation and a member of the United States Federal Reserve System, subject to regulation and supervision principally by the United States Federal Reserve Board and the New York State Department of Financial Services. The Bank of New York Mellon was constituted in 1784 in the State of New York. It is a wholly-owned subsidiary of The Bank of New York Mellon Corporation, a Delaware bank holding company. The Depositary's principal executive office is 225 Liberty Street, New York, New York 10286 and its principal administrative offices are located at 101 Barclay Street, 22 Floor, New York, New York 10286. A copy of the Depositary's Articles of Association, as amended, is available for inspection at the offices of The Bank of New York Mellon, London branch, at One Canada Square, London, E14 5AL, United Kingdom.

Rights of Holders

Relationship of Holders with the Depositary

The rights of Holders against the Depositary are governed by the Conditions and the Deposit Agreement, which are governed by English law (except that the certifications to be given upon deposit or withdrawal of Shares (in Schedules 3 and 4 of the Deposit Agreement) are governed by the laws of the State of New York). The Depositary and the Bank are parties to the Deposit Agreement. Holders of GDRs have contractual rights against the Depositary under the Conditions in relation to cash held by the Depositary, and rights against the Depositary under the Conditions under a bare trust in respect of Deposited Property other than cash (including Deposited Shares, which are ordinary shares of the Bank represented by GDRs) deposited with the Depositary under the Deposit Agreement, and certain limited rights against the Bank by virtue of the Deed Poll.

Voting

With respect to voting of Deposited Shares and other Deposited Property represented by GDRs, the Conditions and the Deposit Agreement provide that, if instructed by the Bank, the Depositary shall send to any person who is a Holder on the record date established by the Depositary for that purpose voting materials and instructions for voting. The Deposit Agreement and the Conditions provide that the Depositary will endeavour to exercise or cause to be exercised the voting rights with respect to Deposited Shares in accordance with voting instructions it has received from Holders, subject to applicable Egyptian laws. If no voting instructions are received by the Depositary (either because no voting instructions are returned to the Depositary or because the voting instructions are incomplete, illegible or unclear) from a Holder with respect to any or all of the Deposited Shares represented by GDRs on or before the record date specified by the Depositary, such Holder shall be deemed to have instructed the Depositary to give a discretionary proxy to a person designated by the Bank with respect to such Deposited Shares, provided that no such instruction shall be deemed to be given, and no such discretionary proxy shall be given, with respect to any matter as to which the Bank informs the Depositary that (i) the Bank does not wish such proxy to be given, or (ii) such matter materially and adversely affects the rights of holders of Shares.

Delivery of Shares

The Deposit Agreement and the Conditions provide that the Deposited Shares can only be delivered out of the Regulation S and Rule 144A GDR facilities to, or to the order of, a Holder of related GDRs upon receipt and cancellation of such GDRs.

Rights of the Bank

The Bank has broad rights to remove the Depositary under the terms of the Deposit Agreement, but no specific rights under the Deposit Agreement, which are triggered in the event of the insolvency of the Depositary.

Insolvency of the Depositary

Applicable insolvency law

If the Depositary becomes insolvent, the insolvency proceedings will be governed by U.S. law applicable to the insolvency of banks.

Effect of applicable insolvency law in relation to cash

The Conditions state that any cash held by the Depositary for Holders is held by the Depositary as banker. Under current U.S. law, it is expected that any cash held for Holders by the Depositary as banker under the Conditions would constitute an unsecured obligation of the Depositary. Holders would therefore only have an unsecured claim in the event of the Depositary's insolvency for such cash and such cash would be also be available to general creditors of the Depositary or the U.S. Federal Deposit Insurance Corporations ("**FDIC**").

Effect of applicable insolvency law in relation to non-cash assets

The Deposit Agreement states that the Deposited Shares and other non-cash assets, which are held by the Depositary for Holders, are held by the Depositary as bare trustee and, accordingly, the Holders will be tenants in common for such Deposited Shares and other non-cash assets. Under current U.S. and English law, it is expected that any Deposited Shares and other non-cash assets held for Holders by the Depositary on trust under the Conditions would not constitute assets of the Depositary and that Holders would have ownership rights relating to such Deposited Shares and other non-cash assets and be able to request the Depositary's liquidator to deliver to them such Depositary Shares and other non-cash assets, and such Depositary Shares and other non-cash assets would be unavailable to general creditors of the Depositary or the FDIC.

Default of the Depositary

If the Depositary fails to pay cash or deliver non-cash assets to Holders in the circumstances required by the Conditions or otherwise engages in a default for which it would be liable under the terms of the Conditions, the Depositary will be in breach of its contractual obligations under the Conditions. In such case, Holders will have a claim under English law against the Depositary to the extent that the Depositary is in breach of its contractual obligations under the Conditions.

The Custodian

The Custodian is Commercial International Bank (Egypt) S.A.E. an entity established under Egyptian law. The Custodian holds securities for the Depositary subject to a custody agreement between the Custodian and the Depositary which is governed by New York law.

The Custodian may resign or be discharged from its duties by 90 days' prior notice. Notice of any change of Custodian shall be given to Holders by the Depositary immediately upon such change. The Depositary shall promptly appoint a successor Custodian (approved by the Bank (such approval not to be unreasonably withheld or delayed) and by the relevant authority in Egypt, if any), which shall upon acceptance of such appointment and the expiry of any applicable notice period, become the Custodian and the retiring Custodian shall take all practicable steps to promptly vest the Deposited Property and the relevant records in the replacement Custodian.

Relationship of Holders of GDRs with the Custodian

The Holders do not have any contractual relationship with, or rights enforceable against, the Custodian. All of the Bank's Shares, including the Deposited Shares, will be held through the local central securities depository, MCDR. The account of the Depositary will be shown in the books of MCDR as the registered owner of a global account containing the Deposited Shares and managed by the Custodian.

Default of the Custodian

Failure to deliver cash

Cash payments from the Bank (which are expected to be denominated in EGP) will initially be received by the Depositary in an account held with the Custodian in the Depositary's name. Subject to Egyptian legislation (which currently permits amounts in EGP to be removed from Egypt and converted into U.S. dollars by the Depositary without restriction), amounts received from the Bank by the Depositary will then be exchanged for U.S. dollars in accordance with the Conditions and the U.S. dollars will be received by the Depositary in New York. After deduction of any fees and expenses of the Depositary, the U.S. dollars will then be paid by the Depositary to the Holders in accordance with the Conditions. If the Custodian fails to deliver cash to the Depositary as required under the custody agreement or otherwise engages in a default for which it would be liable under the terms of the custody agreement, the Custodian will be in breach of its contractual obligations under the custody agreement. In such case, the Depositary would have a claim under New York law against the Custodian for the Custodian's breach of its contractual obligations under the custody agreement. The Depositary can also remove the Custodian and appoint a substitute or additional custodians and may exercise such rights if it deems necessary.

Failure to deliver non-cash assets

If the Custodian fails to deliver Deposited Shares or other non-cash assets held for the Depositary as required by the Depositary, the Custodian will be in breach of its obligations to the Depositary. In such case, the Depositary will have a claim under New York law against the Custodian for the Custodian's breach of its obligations under the custody agreement. The Depositary can also remove the Custodian and appoint a substitute or additional custodians and may exercise such rights if it deems necessary.

The Depositary's obligations

The Depositary has no obligation to pursue a claim for breach of obligations against the Custodian on behalf of Holders. The Depositary is not responsible for and shall incur no liability in connection with or arising from default by the Custodian. Holders will have a claim against the Depositary under the Conditions to the extent that any act or omission to act on the part of the Custodian constitutes wilful default, negligence or bad faith of the Depositary, or its agents, officers, directors or employees.

Applicable law

The custody agreement is governed by New York law.

Bankruptcy of the Custodian

Applicable law

If the Custodian becomes bankrupt, the bankruptcy proceedings will be governed by applicable Egyptian law.

Effect of applicable bankruptcy law in relation to cash

Cash held by the Depositary on deposit with the Custodian may be reimbursed to the Depositary in the event of the Custodian's bankruptcy if it is allocated in a separate account in the Depositary's name and, provided that such reimbursement is approved by the trustee in bankruptcy and the competent court. Any remaining cash would form part of the Custodian's insolvent estate and would be available to satisfy the claims of the Custodian's creditors generally. Under the Egyptian Commercial Code, in the event of the Custodian's bankruptcy, creditors may request the annulment of any transaction entered into within a two year period prior to the date the Custodian is judged to be bankrupt if there is evidence that such transaction harmed the interests of the creditors and the third party beneficiaries of such transaction knew at that time that the Custodian had suspended payments to its creditors.

Effect of applicable bankruptcy law in relation to non-cash assets

The Depositary will have ownership rights in the Deposited Shares held by the Custodian at the time of its bankruptcy and applicable Egyptian legislation provides for the redelivery of non-cash assets, such as the Deposited Shares to their owners. Once redelivered, the Deposited Shares would be transferred into an account maintained for the Depositary by another custodian appointed by the Depositary.

The Depositary's liability

The Depositary is only liable to Holders for loss incurred by Holders as a result of the Custodian's bankruptcy to the extent such loss arises from the wilful default, negligence or fraud of the Depositary or that of its agents, officers, directors or employees.

The Depositary's obligations

The Depositary has no obligation to pursue a claim in the Custodian's bankruptcy on behalf of the Holders. The Depositary has no responsibility for, and will incur no liability in connection with or arising from, the insolvency of any custodian. In the event of the bankruptcy of the Custodian, the Holders have no direct recourse to the Custodian under the Deposit Agreement, though the Depositary can remove the Custodian and appoint a substitute or additional custodians and may exercise such rights if it deems necessary.

PERSONS HOLDING THE BENEFICIAL TITLE TO GDRS OR INTERESTS THEREIN ARE REMINDED THAT THE ABOVE DOES NOT CONSTITUTE LEGAL ADVICE AND IN THE EVENT OF ANY DOUBT REGARDING THE EFFECT OF THE DEFAULT OR INSOLVENCY OF THE DEPOSITARY OR THE CUSTODIAN, SUCH PERSONS SHOULD CONSULT THEIR OWN ADVISORS IN MAKING A DETERMINATION.

CLEARING AND SETTLEMENT

Clearing and Settlement of GDRs

Custodial and depositary links have been established between Euroclear, Clearstream and DTC to facilitate the initial issue of the GDRs and cross-market transfers of the GDRs associated with secondary market trading.

Euroclear and Clearstream

Euroclear and Clearstream each hold securities for participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Indirect access to Euroclear or Clearstream is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Distributions of dividends and other payments with respect to book-entry interests in the GDRs held through Euroclear or Clearstream will be credited, to the extent received by the Depositary, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

DTC

DTC has advised the Bank as follows:

DTC is a limited-purpose trust company organised under the laws of the State of New York, a "banking organisation" within the meaning of the New York Banking Law, a member of the United States Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities for DTC participants and facilitates the clearance and settlement of securities transactions between DTC participants through electronic computerised book-entry changes in DTC participants' accounts. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly.

Holders of book-entry interests in the GDRs holding through DTC will receive, to the extent received by the Depositary, all distributions of dividends or other payments with respect to book-entry interests in the GDRs from the Depositary through DTC and DTC participants. Distributions in the United States will be subject to relevant U.S. tax laws and regulations. See "*Taxation—Certain Material United States Federal Income Tax Considerations*".

As DTC can act on behalf of DTC direct participants only, who in turn act on behalf of DTC indirect participants, the ability of beneficial owners who are indirect participants to pledge book-entry interests in the GDRs to persons or entities that do not participate in DTC, or otherwise take actions with respect to book-entry interests in the GDRs, may be limited.

Registration and Form

Book-entry interests in the GDRs held through Euroclear and Clearstream will be represented by the Regulation S Master GDR registered in the name of The Bank of New York Depository (Nominees) Limited, as nominee for The Bank of New York Mellon, London Branch, as common depositary for Euroclear and Clearstream. Book-entry interests in the GDRs held through DTC will be represented by the Rule 144A Master GDR registered in the name of Cede & Co., as nominee for DTC, which will be held by The Bank of New York Mellon in New York as custodian for DTC. As necessary, the Depositary will adjust the amounts of GDRs on the relevant register for the accounts of the common depositary and nominee, respectively, to reflect the amounts of GDRs held through Euroclear, Clearstream and DTC, respectively. Beneficial ownership in the GDRs will be held through financial institutions as direct and indirect participants in Euroclear, Clearstream and DTC.

The aggregate holdings of book-entry interests in the GDRs in Euroclear, Clearstream and DTC will be reflected in the book-entry accounts of each such institution. Euroclear, Clearstream and DTC, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the GDRs, will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the GDRs. The Depositary will be responsible for maintaining a record of the aggregate holdings of GDRs registered in the name of the common depositary for Euroclear and Clearstream and the nominee for DTC. The Depositary will be responsible for ensuring that payments received by it from the Issuer for holders holding through Euroclear and Clearstream are paid to Euroclear or Clearstream as the case may be, and the Depositary will also be responsible for ensuring that payments, if any, received by it from the Issuer for holders holding through DTC are received by DTC. The address for DTC is P.O. Box 5020, New York, New York 10274, United States. The address for Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. The address for Clearstream is 42 Avenue J.F. Kennedy, L-1855 Luxembourg, Luxembourg.

The Issuer will not impose any fees in respect of the GDRs; however, holders of book-entry interests in the GDRs may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear, Clearstream or DTC and certain fees and expenses payable to the Depositary in accordance with the terms and conditions of the GDRs. See "*Terms and Conditions of the Global Depositary Receipts*".

Global Clearance and Settlement Procedures

Initial Settlement

The GDRs will be in global form evidenced by the two Master GDRs. Purchasers electing to hold book-entry interests in the GDRs through Euroclear and Clearstream accounts will follow the settlement procedures applicable to depositary receipts. DTC participants acting on behalf of purchasers electing to hold book-entry interests in the GDRs through DTC will follow the delivery practices applicable to depositary receipts.

Secondary Market Trading

Transfer Restrictions

For a description of the transfer restrictions relating to the GDRs, see "*Transfer Restrictions*".

Trading between Euroclear and Clearstream Participants

Secondary market sales of book-entry interests in the GDRs held through Euroclear or Clearstream to purchasers of book-entry interests in the GDRs through Euroclear or Clearstream will be conducted in accordance with the normal rules and operating procedures of Euroclear or Clearstream and will be settled using the normal procedures applicable to depositary receipts.

Trading between DTC Participants

Secondary market sales of book-entry interests in the GDRs held through DTC will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to depositary receipts, if payment is effected in U.S. Dollars, or free of payment, if payment is not effected in U.S. Dollars. Where payment is not effected in U.S. Dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

Trading between DTC Seller and Euroclear/Clearstream Purchaser

When book-entry interests in the GDRs are to be transferred from the account of a DTC participant to the account of a Euroclear or Clearstream participant, the DTC participant must send to DTC a delivery free of payment instruction at least two business days prior to the settlement date. DTC will, in turn, transmit such instruction to Euroclear or Clearstream, as the case may be, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream participant. On the settlement date, DTC will debit the account of its DTC participant and will instruct the Depositary to instruct Euroclear or Clearstream, as the case may be, to credit the relevant account of the Euroclear or Clearstream participant, as the case may be. In addition, on the settlement date, DTC will instruct the Depositary to (1) decrease the amount of book-entry interests in the GDRs registered in the name of a nominee for DTC and represented by the Rule 144A Master GDR and (2) increase the amount of book-entry interests in the GDRs registered in the name of the common depositary for Euroclear and Clearstream and represented by the Regulation S Master GDR.

Trading between Clearstream/Euroclear Seller and DTC Purchaser

When book-entry interests in the GDRs are to be transferred from the account of a Euroclear or Clearstream participant to the account of a DTC participant, the Euroclear or Clearstream participant must send to Euroclear or Clearstream a delivery free of payment instruction at least one business day prior to the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream participant, as the case may be. On the settlement date, Euroclear or Clearstream, as the case may be, will debit the account of its participant and will instruct the Depositary to instruct DTC to credit the relevant account of Euroclear or Clearstream, as the case may be, and will deliver such book-entry interests in the GDRs free of payment to the relevant account of the DTC participant. In addition, Euroclear or Clearstream, as the case may be, shall on the settlement date instruct the Depositary to (1) decrease the amount of the book-entry interests in the GDRs registered in the name of the common depositary and evidenced by the Regulation S Master GDR and (2) increase the amount of the book-entry interests in the GDRs registered in the name of a nominee for DTC and represented by the Rule 144A Master GDR.

General

Although the foregoing sets out the procedures of Euroclear, Clearstream and DTC in order to facilitate the transfers of interests in the GDRs among participants of Euroclear, Clearstream and DTC, none of Euroclear, Clearstream or DTC are under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Issuer, the Depositary, the Custodian or their respective agents will have any responsibility for the performance by Euroclear, Clearstream or DTC or their respective participants of their respective obligations under the rules and procedures governing their operations.

INDEPENDENT AUDITORS

The Financial Statements included in this Prospectus have been audited in accordance with international standards on auditing by Allied for Accounting & Auditing, a member of Ernst & Young Global, of Ring Road Zone, #10 A Rama Tower, El Kattamaya, Egypt ("**EY**"), as stated in their reports included herein. EY are independent auditors and are registered with the Egyptian Financial Supervisory Authority. EY does not have any material interest in the Bank.

EY is registered as a third country audit entity in accordance with the requirements of article 45 of the Statutory Audit Directive (2006/43/EC) (as implemented in the United Kingdom).

ADDITIONAL INFORMATION

1. It is expected that the Additional GDRs will be admitted, to the Official List on or about 2 October 2017. Application will be made for the Additional GDRs to be traded on the LSE through its IOB. The GDRs will trade on the IOB on a T+3 settlement basis.

2. The Issuer has obtained all consents, approvals and authorisations required in Egypt in connection with the issue of the GDRs.

3. Copies of the following documents, in physical form, will be available for inspection free of charge, during usual business hours on any business day (Saturday, Sunday and public holidays excepted), at the registered office of the Issuer, for a period of one year following the publication of the Prospectus:

- this Prospectus;
- the Articles of Association (English translation); and
- the Financial Statements.

4. The registered office of the Issuer is at Nile Tower Building, 21/23 Charles de Gaulle Street, Giza, P.O. Box 2430, Cairo, Egypt. The Issuer’s telephone number is +202 3747 2000.

5. The currency of the GDRs is U.S. Dollars.

6. Each GDR represents an interest in one Share on deposit with the custodian.

7. In the event that certificates in definitive form are issued in exchange for the Master GDRs, the Issuer will appoint an agent in the United Kingdom for so long as the GDRs are listed on the London Stock Exchange.

8. There has been no significant change in the financial or trading position of the Group since 31 December 2016, the end of the last financial period for which audited financial information has been published.

9. The table below sets forth the names, country of incorporation and ownership of each of the Issuer’s significant subsidiary and associates as at the date of this Prospectus:

Name	**Country of incorporation**	**Ownership Interest**
CI Capital Holding Co. S.A.E	Egypt	99.98%
International Company for Security and Services (Falcon)	Egypt	35.0%

10. Holders of GDRs may contact the Depositary with questions relating to the transfer of GDRs on the books of the Depositary at 101 Barclay Street, New York, New York, 10286, U.S.A.

11. The LSE trading symbol for the Rule 144A GDRs is “41JB” and the LSE trading symbol for the Regulation S GDRs is “CBKD”.

12. The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Issuer within the two years immediately preceding the date of this Prospectus and are, or may be, material or have been entered into at any time by the Issuer and contain provisions under which the Issuer has an obligation or entitlement which is, or may be, material to the Bank at the date of this Prospectus:

    Deposit Agreement dated 30 July 1996, as most recently amended on 27 September 2017, between the Bank and the Depositary

    The Deposit Agreement between the Issuer and the Depositary dated 30 July 1996, as most recently amended on 27 September 2017, which includes the terms and conditions of the GDRs, as described in “T*erms and Conditions of the Global Depositary Receipts*”.

12. The total costs and expenses relating to the listing are estimated be less than U.S.$500,000. The Bank will receive no proceeds from the listing.

13. The ISIN for the Rule 144A GDRs is US2017121060 and the CUSIP number for the Rule 144A GDRs is 201712106.

14. The ISIN for the Regulation S GDRs is US2017122050 and the Common Code for the Regulation S GDRs is 006820972.

15. No natural or legal person involved in the issue of the Additional GDRs has an interest (including a conflicting interest) in the issue of the Additional GDRs.

INDEX TO THE FINANCIAL STATEMENTS

IFRS Consolidated
Financial Statement

December - 2016
www.cibeg.com

EY
Building a better working world

Allied for Accounting & Auditing
Ragheb, Hamouda, Istanbouli, Tageldeen & El-Kilany
P.O. Box 20 Kattameya
Rama Tower
Ring Road, Zone #10A
Kattameya, Cairo, Egypt

Tel: +202 2726 0260
Fax: +202 2726 0100
Cairo.office@eg.ey.com
ey.com/mena

Independent auditor's report

To the Shareholders of Commercial International Bank (Egypt) S.A.E and its subsidiaries

Report on the audit of the financial statements

Opinion

We have audited the consolidated financial statements of Commercial International Bank S.A.E (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Egypt, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

EY Building a better working world

Key audit matter	How the key audit matter was addressed in the audit
Loan Loss Provisions:	
The Group exercises significant judgement using subjective assumptions over both when and how much to record as loan loss provisions, and estimation of the amount of the provision for loans and advances. Because loans and advances form a major portion of the Group's assets, and due to the significance of the judgments used in classifying loans and advances between performing and non-performing and determining related provision requirements, this audit area is considered a key audit risk. As at 31 December 2016, the Group's gross loans and advances to customers amounted to EGP 97,306 million and the related impairment provisions amounted to EGP 893 million. The impairment provision policy is presented in the accounting policies and in Note 2.2 to the consolidated financial statements.	• We gained understanding of the Group's key credit processes comprising granting, booking, monitoring and provisioning and tested the operating effectiveness of key controls over these processes; • For exposures determined to be individually impaired, we tested a sample of loans and advances and examined management's estimate of future cash flows, assessed their reasonableness and checked the resultant provision calculations; • For loan loss provisions calculated on a collective basis we recalculated the probability of default (PDs) calculation prepared by the management by tracking the basis of PDs with historical non-performing obligors; and • We assessed the adequacy of consolidated financial statement disclosures in accordance with the requirements of the IFRSs. Refer to the accounting policies, critical accounting estimates and judgements, disclosures of loans and advances and credit risk management in notes 2.2, 18 and 34.1 to the consolidated financial statements.
Valuation of investments:	
During fiscal year 2016, the bank had transferred EGP 43,424 million from available for sale investments to Held to maturity investments. Because these investments form a major portion of the Group's assets, and due to the significance of the judgments used in determining the amortisation of previously held gains/losses on those investments that has been recognised in other comprehensive income and subsequent impairment assessment, this audit area is considered a key audit risk.	• We assessed the fair value of investments at the date of reclassification and ensured that impairment has not occurred on these investments. • We recalculated the amortization of the HTM investments based on the remaining maturity period of the bonds.

EY
Building a better working world

These investments are mainly in Egyptian treasury bonds.	• We recalculated the amortization of the previous gains/losses on these investments that has been recognised directly in other comprehensive income. • The majority of these investments are in Egyptian treasury bonds, we inquired management regarding if there any impairment indicators and concluded that none exist. • We have assessed the objective evidence of impairment by ensuring that the risk rating for the Egyptian treasury bonds were stable over the periods. • We assessed the adequacy of consolidated financial statement disclosures in accordance with the requirements of the IFRSs. Refer to the accounting policies, critical accounting estimates and judgements, disclosures in notes 2.2 and 21 to the consolidated financial statements.

Other information included in The Group's 2016 Annual Report

Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Building a better working world

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Allied For Accounting and Auditing

Allied for Accounting and Auditing

Allied for Accounting & Auditing
A Member of Ernst & Young Global
المتضامنون للمحاسبة والمراجعة

30 March 2017

Cairo

Consolidated statement of profit or loss for the year ended December 31, 2016

	Notes	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Interest and similar income		19,144,218	14,765,337
Interest and similar expense		(9,127,195)	(6,651,056)
Net interest income	3	10,017,023	8,114,281
Fee and commission income		1,965,529	1,932,054
Fee and commission expense		(417,573)	(299,696)
Net fee and commission income	4	1,547,956	1,632,358
Dividend income	5	34,236	35,062
Net trading income	6	1,315,182	710,398
Profits (Losses) on financial investments	22	(25,533)	270,998
Goodwill impairment	40	(217,078)	-
Administrative expenses	7	(3,119,378)	(2,561,964)
Other operating expenses	8	(1,233,620)	(566,304)
Impairment charge for credit losses	9	(892,874)	(1,682,439)
Bank's share in the profits of associates	12	2,989	27,829
Profit before income tax from continuing operations		7,428,903	5,980,219
Current income tax expense		(2,017,034)	(1,949,694)
Deferred income tax	10.2	(76,849)	136,047
Net profit from continuing operations		5,335,020	4,166,572
Discontinuing Operations			
Profit from discontinuing operations (Net of tax)	39	127,376	61,115
Net profit for the year		5,462,396	4,227,687
Attributable to:			
Equity holders of the parent		5,448,248	4,227,001
Non-controlling interest		14,148	686
Net Profit for the year		5,462,396	4,227,687
Earning per share	11		
Basic attributable to equity holders of the parent		4.72	3.69
Diluted attributable to equity holders of the parent		4.65	3.64
Earning per share from continuing operations			
Basic attributable to equity holders of the parent		4.61	3.63
Diluted attributable to equity holders of the parent		4.55	3.58

The accompying notes from 1 to 41 form an integral part of these consolidated financial statements.

Hisham Ezz Al-Arab
Chairman and Managing Director

Consolidated statement of other comprehensive income for the year ended December 31, 2016

	Notes	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Profit for the year		**5,462,396**	4,227,687
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		**22,219**	(1,609,226)
Cumulative foreign currencies translation differences	32	**8,588**	-
Other comprehensive income for the year		**30,807**	(1,609,226)
Total comprehensive income for the year		**5,493,203**	2,618,461
Attributable to:			
Equity holders of the parent		**5,479,055**	2,617,775
Non-controlling interest		**14,148**	686

The accompying notes from 1 to 41 form an integral part of these consolidated financial statements.

Consolidated statement of financial position as at December 31, 2016

	Notes	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Assets			
Cash and balances with central bank	13	10,522,040	9,848,954
Due from banks	14	58,011,034	21,002,305
Treasury bills and other governmental notes	15	39,177,184	22,130,170
Financial assets held for trading	16	2,445,134	5,848,377
Loans and advances to banks, net	17	159,651	38,443
Loans and advances to customers, net	18	85,224,148	56,797,576
Non current assets held for sale	39	4,890,438	1,066,270
Derivative financial instruments	19	269,269	80,995
Financial investments			
- Available for sale	21	5,447,291	46,289,075
- Held to maturity	21	53,924,936	9,261,220
Investments in associates	23	36,723	159,983
Other assets	24	5,434,563	4,789,291
Goodwill	40	-	217,078
Intangible assets	40	651,041	651,041
Deferred tax assets	10.2	181,308	258,157
Property and equipment	25	1,324,808	1,096,760
Total assets		267,699,568	179,535,695
Liabilities and equity			
Liabilities			
Due to banks	26	3,008,996	1,600,769
Due to customers	27	231,740,795	155,234,416
Non current liabilities held for sale	39	3,684,676	371,622
Derivative financial instruments	19	331,091	145,735
Other liabilities	29	4,268,774	3,164,106
Current Tax Liability		2,017,034	1,949,694
Long term loans	28	160,243	131,328
Provisions	30	1,514,057	861,761
Total liabilities		246,725,666	163,459,431
Equity			
Issued and paid in capital	31	11,538,660	11,470,603
Reserves	32	3,448,737	149,480
Reserve for employee stock ownership plan (ESOP)		343,460	248,148
Retained earnings		5,509,967	4,160,601
Total equity attributable to equity holders of the parent		20,840,824	16,028,832
Non-controlling interest		133,078	47,432
Total equity		20,973,902	16,076,264
Total liabilities , equity and non-controlling interest		267,699,568	179,535,695

The accompying notes from 1 to 41 form an integral part of these consolidated financial statements.

Hisham Ezz Al-Arab
Chairman and Managing Director

Consolidated statement of changes in shareholders' equity

Dec. 31, 2016	Attributable to equity holders of the parents						
	Issued and paid in capital	Reserve for employee stock ownership plan (ESOP)	Retained earnings	Reserves	Total	Non-controlling interest	Total equity
							EGP Thousands
Beginning balance	9,081,734	177,766	3,165,298	1,905,930	14,330,728	49,195	14,379,923
Profit for the year	-	-	4,227,687	-	4,227,687	686	4,228,373
Other comprehensive income	-	-	-	(1,609,226)	(1,609,226)	-	(1,609,226)
Total comprehensive income	-	-	4,227,687	(1,609,226)	2,618,461	686	2,619,147
Capital increase	2,388,869	-	-	(2,388,869)	-	-	-
Reserve for employee stock ownership plan (ESOP)	-	133,395	-	-	133,395	-	133,395
Dividend	-	-	(1,053,752)	-	(1,053,752)	(1,081)	(1,054,833)
Transferred to reserves	-	(63,013)	(2,178,632)	2,241,645	-	-	-
Change during the year	-	-	-	-	-	(1,368)	(1,368)
Balance at 31 December 2015	**11,470,603**	**248,148**	**4,160,601**	**149,480**	**16,028,832**	**47,432**	**16,076,264**
Profit for the year	**-**	**-**	**5,448,248.0**	**-**	**5,448,248**	**14,148**	**5,462,396**
Other comprehensive income :							
Net (Loss)/gain on available-for-sale financial assets	**-**	**-**	**-**	**22,219**	**22,219**	**-**	**22,219**
Cumulative foreign currencies translation differences	**-**	**-**	**-**	**8,588**	**8,588**	**-**	**8,588**
Total comprehensive income	**-**	**-**	**5,448,248**	**30,807**	**5,479,055**	**14,148**	**5,493,203**
Capital increase	**68,057**	**-**		**-**	**68,057**	**-**	**68,057**
Reserve for employee stock ownership plan (ESOP)	**-**	**187,000**	**-**	**-**	**187,000**	**-**	**187,000**
Dividend	**-**	**-**	**(1,467,346.0)**	**-**	**(1,467,346)**	**(1,394)**	**(1,468,740)**
Transferred to reserves	**-**	**(91,688)**	**(3,176,762.0)**	**3,268,450**	**-**	**-**	**-**
Change during the year	**-**	**-**	**545,226.0**	**-**	**545,226**	**72,892**	**618,118**
Balance at 31 December 2016	**11,538,660**	**343,460**	**5,509,967**	**3,448,737**	**20,840,824**	**133,078**	**20,973,902**

Consolidated cash flow statement for the year ended December 31, 2016

	Notes	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Cash flow from operating activities			
Profit before income tax from continued operations		**7,428,903**	5,980,219
Profit before income tax from discontinued operations	40	**158,040**	71,161
Adjustments to reconcile net profit to net cash provided by operating activities			
Fixed assets depreciation		**288,057**	197,988
Impairment charge for credit losses		**892,874**	1,682,439
Other provisions charges		**150,847**	135,866
Trading financial investments revaluation differences		**(269,283)**	353,590
Available for sale and held to maturity investments exchange revaluation differences		**(2,219,961)**	(96,638)
Goodwill impairment		**217,078**	-
Financial investments impairment charge		**82,428**	140,751
Utilization of other provisions		**(3,696)**	(17,242)
Other provisions no longer used		**(78,405)**	(505)
Exchange differences of other provisions		**583,550**	13,330
Profits from selling property, plant and equipment		**(1,682)**	(564)
Profits from selling financial investments		**(35,193)**	(163,270)
Profits (losses) from selling associates		**90,447**	(285,431)
Shares based payments		**187,000**	133,395
Impairment (Released) charges of associates		**(131,799)**	(27,829)
Associates financial investments revaluation differences		**683**	1,048
Operating profits before changes in operating assets and liabilities		**7,339,888**	8,118,308
Net decrease (increase) in assets and liabilities			
Due from banks		**264,072**	(13,346,479)
Treasury bills and other governmental notes		**(16,057,258)**	5,497,825
Trading financial assets		**3,672,526**	(2,439,249)
Derivative financial instruments		**(2,918)**	(20,247)
Loans and advances to banks and customers		**(29,440,654)**	(9,714,737)
Other assets		**(4,450,111)**	(1,273,556)
Due to banks		**1,408,227**	469,384
Due to customers		**76,506,379**	33,259,457
Income tax obligations paid		**(1,949,694)**	(1,814,609)
Other liabilities		**4,354,673**	15,319
Net cash provided from operating activities		**41,645,130**	18,751,416
Cash flow from investing activities			
Payment for purchase of subsidiary and associates		**(12,036)**	(868,119)
Proceeds from selling subsidiary and associates		**176,161**	334,451
Payment for purchases of property, plant, equipment and branches constructions		**(560,631)**	(304,401)
Proceeds from redemption of held to maturity financial investments		**4,094**	3,919,074
Payment for purchases of held to maturity financial investments		**(44,667,810)**	(4,019,548)
Payment for purchases of available for sale financial investments		**(3,334,122)**	(25,392,460)
Proceeds from selling available for sale financial investments		**46,370,851**	5,315,438
Proceeds (payments) from real estate investments		**(2,989)**	884,094
Goodwill impairment		**-**	217,078
Intangible Assets		**-**	651,041
Net cash used in investing activities		**(2,026,482)**	(19,263,352)

Consolidated cash flow statement for the year ended December 31, 2016 (Cont.)

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Cash flow from financing activities		
Increase (decrease) in long term loans	**28,915**	(111,550)
Dividend paid	**(1,463,450)**	(1,563,646)
Capital increase	**68,057**	94,748
Payment related to finanace lease	**(12,380)**	(12,380)
Net cash used in financing activities	**(1,378,858)**	(1,592,828)
Net increase (decrease) in cash and cash equivalent during the year	**38,239,790**	(2,104,764)
Beginning balance of cash and cash equivalent	**14,435,901**	16,540,665
Cash and cash equivalent at the end of the year	**52,675,691**	14,435,901
Cash and cash equivalent comprise:		
Cash and balances with central bank	**10,522,040**	9,848,954
Due from banks	**58,011,034**	21,002,305
Treasury bills and other governmental notes	**39,177,184**	22,130,170
Obligatory reserve balance with CBE	**(5,438,235)**	(8,268,202)
Due from banks with maturities more than three months	**(11,408,904)**	(13,664,965)
Treasury bills with maturity more than three months	**(38,187,428)**	(16,612,361)
Total cash and cash equivalent	**52,675,691**	14,435,901

Notes to the consolidated financial statements for the year ended December 31, 2016

1. Corporate information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 168 branches, and 24 units (2015: 159 branches, and 28 units) employing 6422 (2015: 5983) 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 on 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, 2016 the Bank directly owns 54,988,500 shares representing 99.98% of CI Capital Holding Company's capital and on December 31, 2016 CI Capital Holding Co. Directly owns the following shares in its subsidiaries:

	December 31, 2016	**December 31, 2015**
Company name	**Ownership%**	**Ownership%**
• CIBC Co.	98.96	98.96
• CI Assets Management	95.72	95.72
• CI Investment Banking Co.	99.54	99.54
• Dynamic Brokerage Co.	99.96	99.96
• Corplease	56.52	-

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 35.2.4.

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 2016. 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.

2.2. 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 2016 is set out below in relation to the impairment of financial instruments and in the following notes:

•• Note 34.4 – determination of fair value of financial instruments with significant unobservable inputs;

••Note 10.2 – recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used; and

•• Notes 30 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

•• Note 33 -Share-based payments.

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 34.4.

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 34.4.

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 18.

Impairment of available-for-sale investments

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. ‘Significant’ is evaluated against the original cost of the investment and ‘prolonged’ against the period in which the fair value has been below its original cost. When 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 statement of profit or loss – is removed from OCI and recognized in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized in OCI.

The determination of what is ‘significant’ or ‘prolonged’ requires judgment. In making this judgment, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed 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 statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, 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 finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

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.

2.3. 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 consolidated statement of profit and loss in net trading 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 .

(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 impairment losses on financial investments. 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 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 and equipment. Leases of property 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 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 purchase method of accounting. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities but excluding future restructuring) of the acquired business at fair value. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the fair values of the identifiable net assets acquired, the discount on acquisition is recognised directly in the income statement in the year of acquisition.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Bank's cash– generating units (CGUs) or group of CGUs, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit to which the goodwill is allocated represents the lowest level within the Bank at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment in accordance with IFRS 8 Operating Segments.

Where goodwill has been allocated to a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative fair values of the disposed operation and the portion of the CGU retained.

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.

CI Capital Holding acquired dated January 4th 2016 56.52% stake in Corporate Leasing Company Egypt (Corplease) one of the leading financial leasing companies in Egypt .

The collaboration between CI Capital and Corplease bears a lot of potential and is expected to create operational and financial synergies benefiting both parties, thus enhancing cross selling opportunities and accelerating future expansions for the combined entity which in turn is expected to have a positive impact on CIB's financials in terms of profitability and capital adequacy .

(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 administrative expense 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 administrative expense 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.

(26) Noncurrent assets held for sale

IFRS 5 requires a non-current asset (or disposal group) to be classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Determining whether (and when) an asset stops being recovered principally through use and becomes recoverable principally through sale.

For an asset (or disposal group) to be classified as held for sale:

(a) It must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups) ;(b) Its sale must be highly probable; (c) It must genuinely be sold, not abandoned.

The standard requires that non-current assets (and, in a 'disposal group', related liabilities and current assets,) meeting its criteria to be classified as held for sale be:

(a) Measured at the lower of carrying amount and fair value less costs to sell, with depreciation on them ceasing; and

(b) Presented separately on the face of the statement of financial position with the results of discontinued operations presented separately in the statement of comprehensive income.

2.4. 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

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Bank plans to adopt the new standard on the required effective date. During 2016, The Bank has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to The Bank in the future. Overall, The Bank expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Bank expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

(a) Classification and measurement

The Bank expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as available-for-sale with gains and losses recorded in OCI will be measured at fair value through profit or loss instead, which will increase volatility in recorded profit or loss. The AFS reserve currently in accumulated OCI will be reclassified to opening retained earnings. Debt securities are expected to be measured at fair value through OCI under IFRS 9 as The Bank expects not only to hold the assets to collect contractual cash flows but also to sell a significant amount on a relatively frequent basis.

The equity shares in non-listed companies are intended to be held for the foreseeable future. The Bank expects to apply the option to present fair value changes in OCI, and, therefore, believes the application of IFRS 9 would not have a significant impact. If The Bank were not to apply that option, the shares would be held at fair value through profit or loss, which would increase the volatility of recorded profit or loss.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, The Bank expects that these will continue to be measured at amortised cost under IFRS 9. However, The Bank will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment

IFRS 9 requires The Bank to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Bank expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Bank expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

(c) Hedge accounting

The Bank believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, The Bank does not expect a significant impact as a result of applying IFRS 9. The Bank will assess possible changes related to the accounting for the time value of options, forward points or the currency basis spread in more detail in the future.

Amendments to IAS 16 and IAS 38: ***Clarification of Acceptable Methods of Depreciation and Amortisation***

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to The Bank given that The Bank has not used a revenue-based method to depreciate its non-current assets.

Annual Improvements ***2012-2014 Cycle***

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 5 ***Non-current Assets Held for Sale and Discontinued Operations***

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

Amendments to IAS 1 ***Disclosure Initiative***

The amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

• The materiality requirements in IAS 1

• That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated

• That entities have flexibility as to the order in which they present the notes to financial statements

• That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Bank.

Amendments to IFRS 10, IFRS 12 and IAS 28 ***Investment Entities: Applying the Consolidation Exception***

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10.

The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Bank.

3 Net interest income

	Dec.31, 2016 EGP Thousands	Dec.31, 2015 EGP Thousands
Interest and similar income		
- Banks	2,568,172	366,302
- Clients	6,656,743	5,147,557
	9,224,915	5,513,859
Treasury bills and bonds	9,794,089	9,154,619
Reverse repos	-	2,338
Financial investments in held to maturity and available for sale debt instruments	125,214	94,521
Total	19,144,218	14,765,337
Interest and similar expense		
- Banks	(115,577)	(79,801)
- Clients	(9,010,782)	(6,561,613)
	(9,126,359)	(6,641,414)
Financial instruments purchased with a commitment to re-sale (Repos)	(153)	(7,762)
Finance expense related to financial lease contract	(683)	(1,048)
Other	-	(832)
Total	(9,127,195)	(6,651,056)
Net interest income	10,017,023	8,114,281

4 Net fee and commission income

	Dec.31, 2016 EGP Thousands	Dec.31, 2015 EGP Thousands
Fee and commission income		
Fee and commissions related to credit	965,388	1,041,382
Custody fee	69,967	73,268
Other fee	930,174	817,404
Total	1,965,529	1,932,054
Fee and commission expense		
Other fee	(417,573)	(299,696)
Total	(417,573)	(299,696)
Net income from fee and commission	1,547,956	1,632,358

5 Dividend income

	Dec.31, 2016 EGP Thousands	Dec.31, 2015 EGP Thousands
Trading securities	5,045	4,060
Available for sale securities	29,191	31,002
Total	34,236	35,062

6 Net trading income

	Dec.31, 2016 EGP Thousands	Dec.31, 2015 EGP Thousands
Gain from foreign exchange	603,565	214,574
Forex gain from revaluations of trading assets and liabilities	-	96
Gain (Loss) from forward foreign exchange deals revaluation	12,947	2,928
Loss from interest rate swaps revaluation	(15,055)	(9,240)
Profit (Loss) from currency swap deals revaluation	38,472	7,752
Net gains on trading securities	675,253	494,288
Total	1,315,182	710,398

7 . Administrative expenses

	Dec.31, 2016 EGP Thousands	Dec.31, 2015 EGP Thousands
Staff costs		
Wages and salaries	**(1,001,799)**	(860,366)
Social insurance	**(50,542)**	(54,836)
Other benefits	**(728,196)**	(570,888)
Stock option	**(187,000)**	(133,395)
Depreciation *	**(288,057)**	(197,988)
Maintenance	**(257,988)**	(206,289)
Premises & Vehicles improvements and maintenance	**(273,315)**	(293,931)
Internship expense	**(49,338)**	(35,125)
Board Meeting & Director's expense	**(2,266)**	(2,220)
Other administrative expenses	**(280,877)**	(206,926)
Total	**(3,119,378)**	(2,561,964)
***include depreciation related to financial lease contract amounting to:**	**(2,676)**	(9,732)

8 . Other operating (expenses) income

	Dec.31, 2016 EGP Thousands	Dec.31, 2015 EGP Thousands
Forex (losses) gains from non-trading assets and liabilities revaluation	**(682,556)**	42,062
Gains from selling property, plant and equipment	**1,682**	564
Charges of Provisions	**(72,442)**	(135,361)
Care Service & Cash Trans. Expense	**(84,204)**	(52,467)
Regulatory Expense	**(232,635)**	(183,506)
Consultants	**(37,838)**	(31,862)
IT communications	**(85,584)**	(117,719)
Utilities	**(50,495)**	(48,430)
Other income/expenses	**10,451**	(39,585)
Total	**(1,233,620)**	(566,304)

9 . Impairment charge for credit losses

	Dec.31, 2016 EGP Thousands	Dec.31, 2015 EGP Thousands
Loans and advances to customers	**(892,874)**	(1,682,439)
Total	**(892,874)**	(1,682,439)

10 . Income Taxes

10.1 Adjustments to calculate the effective tax rate

	Dec.31, 2016 EGP Thousands	Dec.31, 2015 EGP Thousands
Profit before tax	**7,586,943**	6,051,380
Tax rate	**22.5%**	22.5%
Income tax based on accounting profit	**1,707,062**	1,361,561
Add / (Deduct)		
Non-deductible expenses	**1,079,614**	381,849
Tax exemptions	**(127,439)**	(103,447)
Effect of provisions	**(584,097)**	186,107
Depreciation	**42,922**	(7,259)
10% Withholding tax	**6,485**	4,883
Income tax / Deferred tax	**2,124,547**	1,823,693
Effective tax rate	**28.00%**	30.14%

10.2 . Deferred tax assets

Deferred tax assets and liabilities are attributable to the following:

		Balance at 31 December 2016			
	Net balance at 1 January	Recognised in profit or loss	Net	Deferred tax assets	Deferred tax liabilities
Fixed assets (depreciation)	(22,367)	(6,374)	(28,741)	-	(28,741)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	14,553	1,747	16,300	16,300	-
Intangible Assets & Good will	3,255	13,835	17,090	17,090	-
Other investments impairment	123,243	(36,398)	86,845	86,845	-
Reserve for employee stock ownership plan (ESOP)	60,870	19,111	79,981	79,981	-
Interest rate swaps revaluation	335	3,387	3,722	3,722	-
Trading investment revaluation	78,927	(60,589)	18,338	18,338	-
Forward foreign exchange deals revaluation	(659)	(11,568)	(12,227)	-	(12,227)
Total Assets (Liabilities)	258,157	(76,849)	181,308	222,276	(40,968)

		Balance at 31 December 2015			
	Net balance at 1 January	Recognised in profit or loss	Net	Deferred tax assets	Deferred tax liabilities
Fixed assets (depreciation)	(28,456)	6,089	(22,367)	-	(22,367)
Provisions (excluded loan loss, contingent liabilities and income tax provisions)	17,970	(3,417)	14,553	14,553	-
Intangible Assets & Good will	-	3,255	3,255	3,255	-
Other investments impairment	82,888	40,355	123,243	123,243	-
Reserve for employee stock ownership plan (ESOP)	49,335	11,535	60,870	60,870	-
Interest rate swaps revaluation	-	335	335	335	-
Trading investment revaluation	-	78,927	78,927	78,927	-
Forward foreign exchange deals revaluation	-	(659)	(659)	-	(659)
Total Assets (Liabilities)	121,737	136,420	258,157	281,183	(23,026)

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

	Earning per share		Earning per share from continuing operations	
	Dec.31, 2016	Dec.31, 2015	**Dec.31, 2016**	Dec.31, 2015
	EGP Thousands	EGP Thousands	**EGP Thousands**	EGP Thousands
(i) Profit attributable to ordinary shareholders (basic)				
Net profit for the year attributable to equity holders of the bank	**5,448,248**	4,227,001	**5,320,872**	4,165,886
(ii) Weighted - average number of ordinary shares (basic)				
Average number of shares	**1,153,866**	1,147,060	**1,153,866**	1,147,060
Basic earning per share	**4.72**	3.69	**4.61**	3.63
(b) Diluted earnings per share				
(i) Profit attributable to ordinary shareholders (diluted)				
Net profit for the year attributable to equity holders of the bank	**5,448,248**	4,227,001	**5,320,872**	4,165,886
(ii) Weighted - average number of ordinary shares (diluted)				
Issued ordinary shares	**1,153,866**	1,147,060	**1,153,866**	1,147,060
Effect of ESOP program	**17,562**	15,557	**16,701**	15,557
Weighted - average number of ordinary shares diluted	**1,171,428**	1,162,617	**1,170,567**	1,162,617
Diluted earning per share	**4.65**	3.64	**4.55**	3.58

12 . Bank's share in the profits of associates

	Dec.31, 2016	Dec.31, 2015
	EGP Thousands	EGP Thousands
- Commercial International Life Insurance co.	**-**	(10,480)
- Corplease co.	**-**	21,912
- Haykala for Investment	**(602)**	171
- Egypt Factors	**-**	(816)
- International Co. for Security and Services (Falcon)	**3,591**	17,042
Total	**2,989**	27,829

13 . Cash and balances with central bank

	Dec.31, 2016	Dec.31, 2015
	EGP Thousands	EGP Thousands
Cash	**5,083,805**	1,580,752
Current accounts	**5,438,235**	8,268,202
Total	**10,522,040**	9,848,954
Non-interest bearing balances	**10,522,040**	9,848,954

14 . Due from banks

	Dec.31, 2016	Dec.31, 2015
	EGP Thousands	EGP Thousands
Current accounts	**4,090,352**	1,386,078
Deposits	**53,920,682**	19,616,227
Total	**58,011,034**	21,002,305
Central banks	**37,447,892**	14,121,507
Local banks	**204,309**	3,263,306
Foreign banks	**20,358,833**	3,617,492
Total	**58,011,034**	21,002,305
Non-interest bearing balances	**33**	353,197
Fixed interest bearing balances	**58,011,001**	20,649,108
Total	**58,011,034**	21,002,305
Current balances	**58,011,034**	21,002,305
Total	**58,011,034**	21,002,305

15 Treasury bills and other governmental notes

	Dec.31, 2016	Dec.31, 2015
	EGP Thousands	EGP Thousands
91 Days maturity	1,051,375	5,595,527
182 Days maturity	4,350,975	7,513,324
364 Days maturity	36,010,730	9,892,302
Unearned interest	(2,196,693)	(870,983)
Total 1	39,216,387	22,130,170
Repos - treasury bills	(39,203)	-
Total 2	(39,203)	-
Total (1+2)	39,177,184	22,130,170

16 Financial assets held for trading

	Dec.31, 2016	Dec.31, 2015
	EGP Thousands	EGP Thousands
Debt instruments		
- Governmental bonds	1,933,420	5,504,524
Total	1,933,420	5,504,524
Equity instruments		
- Mutual funds	180,157	157,336
Total	180,157	157,336
- Portfolio managed by others	331,557	186,517
Total	2,445,134	5,848,377

17. Loans and advances to banks, net

	Dec.31, 2016	Dec.31, 2015
	EGP Thousands	EGP Thousands
Time and term loans	161,451	48,342
Less:Impairment provision	(1,800)	(9,899)
Total	159,651	38,443
Current balances	110,053	3,090
Non-current balances	49,598	35,353
Total	159,651	38,443

Analysis for impairment provision of loans and advances to banks

	Dec.31, 2016	Dec.31, 2015
	EGP Thousands	EGP Thousands
Beginning balance	9,899	14,582
Charge during the year	(20,368)	(4,902)
Exchange revaluation difference	12,269	219
Ending balance	1,800	9,899

18 . Loans and advances to customers, net

	Dec.31, 2016 EGP Thousands	Dec.31, 2015 EGP Thousands
Individual		
- Overdraft	**1,901,875**	1,583,233
- Credit cards	**2,423,125**	2,001,159
- Personal loans	**10,745,352**	8,073,622
- Real estate loans	**306,930**	298,817
- Other loans	**20,838**	20,881
Total 1	**15,398,120**	11,977,712
Corporate		
- Overdraft	**12,452,698**	8,561,090
- Direct loans	**44,503,511**	27,811,737
- Syndicated loans	**24,840,803**	14,088,786
- Other loans	**110,382**	84,402
Total 2	**81,907,394**	50,546,015
Total Loans and advances to customers (1+2)	**97,305,514**	62,523,727
Less:		
Unamortized bills discount*	**(5,533)**	(14,375)
Impairment provision	**(12,075,833)**	(5,711,776)
Net loans and advances to customers	**85,224,148**	56,797,576
Distributed to		
Current balances	**36,671,277**	25,011,678
Non-current balances	**48,552,871**	31,785,898
Total	**85,224,148**	56,797,576

***At 31 December 2016 Impairment provision includes EGP 2,257,826 representing the interest in suspense and the provision of EGP 9,809,909 also at 31 December 2015 Impairment provision includes EGP 1,002,669 representing the interest in suspense and the provision of EGP 4,709,107.**

Analysis for impairment provision of loans and advances to customers

	Individual					
Dec.31, 2016	**Overdraft**	**Credit cards**	**Personal loans**	**Real estate loans**	**Other loans**	**Total**
Beginning balance	**(11,835)**	**(26,985)**	**(135,339)**	**(10,192)**	**(20,881)**	**(205,232)**
(Charged) released during the year	**669**	**(20,366)**	**(55,022)**	**2,391**	**43**	**(72,285)**
Write off during the year	**-**	**37,099**	**6**	**-**	**-**	**37,105**
Recoveries during the year	**-**	**(14,804)**	**(237)**	**-**	**-**	**(15,041)**
Ending balance	**(11,166)**	**(25,056)**	**(190,592)**	**(7,801)**	**(20,838)**	**(255,453)**

	Corporate				
Dec.31, 2016	**Overdraft**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
Beginning balance	**(589,620)**	**(2,888,702)**	**(1,024,226)**	**(1,327)**	**(4,503,875)**
(Charged) released during the year	**(132,021)**	**(1,206,476)**	**498,657**	**(1,117)**	**(840,957)**
Write off during the year	**-**	**71,767**	**-**	**-**	**71,767**
Recoveries during the year	**-**	**(33,221)**	**-**	**-**	**(33,221)**
Exchange revaluation difference	**(620,369)**	**(2,385,595)**	**(1,250,304)**	**-**	**(4,256,268)**
Ending balance	**(1,342,010)**	**(6,442,227)**	**(1,775,873)**	**(2,444)**	**(9,562,554)**

	Individual					
Dec.31, 2015	Overdraft	Credit cards	Personal loans	Real estate loans	Other loans	Total
Beginning balance	(10,550)	(7,434)	(81,153)	(8,422)	(20,934)	(128,493)
Charged during the year	(1,281)	(28,331)	(59,317)	(1,770)	53	(90,646)
Write off during the year	-	14,120	5,148	-	-	19,268
Recoveries during the year	(4)	(5,340)	(17)	-	-	(5,361)
Ending balance	(11,835)	(26,985)	(135,339)	(10,192)	(20,881)	(205,232)

	Corporate				
Dec.31, 2015	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Beginning balance	(491,763)	(2,172,426)	(644,225)	(4,850)	(3,313,264)
Charged (Released) during the year	(79,462)	(1,201,442)	(349,313)	3,523	(1,626,694)
Write off during the year	-	545,777	-	-	545,777
Recoveries during the year	-	(3,399)	-	-	(3,399)
Exchange revaluation difference	(18,395)	(57,212)	(30,688)	-	(106,295)
Ending balance	(589,620)	(2,888,702)	(1,024,226)	(1,327)	(4,503,875)

Refer to Note 18 page 20.

19 . Derivative financial instruments

19.1 . Derivatives

A derivative is a financial instrument or other contract with all three of the following characteristics:
a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price , foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');
b) it requires no initial net investment or an initial net investment that is smaller than would be required for other factors; and types of contracts that would be expected to have a similar response to changes in market.
c) it is settled at a future date.

19.1.1 . For trading derivatives

	Dec.31, 2016			Dec.31, 2015		
	Notional amount	**Assets**	**Liabilities**	Notional amount	Assets	Liabilities
Foreign currencies derivatives						
- Forward foreign exchange contracts	**2,174,176**	**182,508**	**178,479**	972,438	16,766	25,683
- Currency swap	**2,662,940**	**79,890**	**61,404**	3,448,349	51,258	71,244
- Options	**-**	**-**	**-**	26,830	47	47
Total 1		**262,398**	**239,883**		68,071	96,974
Interest rate derivatives						
- Interest rate swaps	**34,706**	**144**	**-**	14,687	395	-
Total 2		**144**	**-**		395	-
Total assets (liabilities) for trading derivatives (1+2)		**262,542**	**239,883**		68,466	96,974
19.1.2 . Fair value hedge						
Interest rate derivatives						
- Governmental debt instruments hedging	**675,861**	**-**	**45,629**	286,014	-	26,296
- Customers deposits hedging	**16,382,128**	**6,727**	**45,579**	7,965,211	12,529	22,465
Total 3		**6,727**	**91,208**		12,529	48,761
Total financial derivatives (1+2+3)		**269,269**	**331,091**		80,995	145,735
Distributed To:						
Current:		**264,124**	**243,559**		73,487	97,408
Non-current:		**5,145**	**87,532**		7,508	48,327
Total		**269,269**	**331,091**		80,995	145,735

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, 2016	Dec.31, 2015
	EGP Thousands	EGP Thousands
Gains/(Losses) on:		
- Hedged instruments	**(48,249)**	10,488
- Hedged item attributable to hedged risk	**25,735**	(21,401)
Hedge ineffectiveness recognized immediately in income statement	**(22,514)**	(10,913)

21 Financial investments

	Dec.31, 2016	Dec.31, 2015
Available for sale	**EGP Thousands**	EGP Thousands
- Listed debt instruments with fair value	**4,709,487**	45,589,793
- Listed equity instruments with fair value	**97,631**	28,496
- Unlisted instruments	**640,173**	670,786
Total	**5,447,291**	46,289,075
Held to maturity		
- Listed debt instruments	**53,892,423**	9,228,707
- Unlisted instruments	**32,513**	32,513
Total	**53,924,936**	9,261,220
Total financial investment	**59,372,227**	55,550,295
Fixed interest debt instruments	**56,090,139**	53,244,689
Floating interest debt instruments	**2,511,772**	1,573,811
Total	**58,601,911**	54,818,500

	Available for sale financial investments	**Held to maturity financial investments**	**Total**
			EGP Thousands
Beginning balance 2015	27,702,122	9,160,746	36,862,868
Addition	25,392,460	4,019,548	29,412,008
Deduction (selling - redemptions)	(5,152,168)	(3,919,074)	(9,071,242)
Exchange revaluation differences for foreign financial assets	96,638	-	96,638
Gain from fair value difference	(1,572,274)	-	(1,572,274)
Impairment charges	(177,703)	-	(177,703)
Ending Balance	46,289,075	9,261,220	55,550,295
Beginning balance 2016	**46,289,075**	**9,261,220**	**55,550,295**
Addition	**3,334,122**	**44,667,810**	**48,001,932**
Deduction (selling - redemptions)	**(46,335,658)**	**(4,094)**	**(46,339,752)**
Exchange revaluation differences for foreign financial assets	**2,219,961**	**-**	**2,219,961**
losses from fair value difference	**42,132**	**-**	**42,132**
Impairment charges	**(102,341)**	**-**	**(102,341)**
Ending Balance	**5,447,291**	**53,924,936**	**59,372,227**

22 . Profits (Losses) on financial investments

	Dec.31, 2016 EGP Thousands	Dec.31, 2015 EGP Thousands
Profit (Loss) from selling available for sale financial instruments	35,193	163,270
Released (Impairment) charges of available for sale equity instruments	(102,341)	(177,703)
Released (Impairment) charges of associates	(90,447)	285,431
Profit (Loss) from selling held to maturity debt investments	263	-
Total	(25,533)	270,998

23 Investments in associates

Dec.31, 2016	Business activity	Company's country	Company's current assets	Company's non current assets	Company's current liabilities	Company's non current liabilities	Company's revenues	Company's net profit	Investment book value	Stake %
Associates										
- International Co. for Security and Services (Falcon)	Security Services	Egypt	90,222	210,517	62,456	145,732	301,390	12,478	36,723	35
Total			90,222	210,517	62,456	145,732	301,390	12,478	36,723	

* The bank's ownership in its associates doesn't imply control only significant influence exists.
** CI Capital Holding acquired 100% from Commercial International Bank's stake in Corporate Leasing Company Egypt (Corplease) associate- , which represents 43% of Corplease shares.
According to the agreement with Commercial International Bank, transfer of risk and rewards of ownership of Corplease shares took place after CI Capital Holding Board of Directors meeting held to approve the financial statements of CI Capital Holding for the year ended 31 December 2015 .

Dec.31, 2015	Business activity	Company's country	Company's current assets	Company's non current assets	Company's current liabilities	Company's non current liabilities	Company's revenues	Company's net profit	Investment book value	Stake %
Associates										
- Corplease	Financial Leasing	Egypt	787,189	1,836,775	706,940	1,649,526	421,621	24,752	124,149	43
- Haykala for Investment	Investment Banking	Egypt	1,503	3,507	63	148	272	41	1,202	40
- Egypt Factors	Factoring	Egypt	94,055	219,461	81,800	190,866	20,827	(15,672)	-	49
- International Co. for Security and Services (Falcon)	Security Services	Egypt	58,041	135,429	32,893	76,751	257,943	36,190	34,632	40
Total			940,788	2,195,171	821,696	1,917,290	700,663	45,311	159,983	

	Dec.31, 2016 EGP Thousands	Dec.31, 2015 EGP Thousands
The bank's share of proft from continuing operations	2,989	27,829
The bank's share of total comprehensive income	2,989	27,829

	Dec.31, 2016 EGP Thousands	Dec.31, 2015 EGP Thousands
The Dividends distributed to the bank from associates	-	-

24 . Other assets

	Dec.31, 2016 EGP Thousands	Dec.31, 2015 EGP Thousands
Accrued revenues	3,318,761	2,892,503
Prepaid expenses	164,190	139,357
Advances to purchase fixed assets	203,410	157,202
Accounts receivable and other assets	1,691,603	1,547,660
Assets acquired as settlement of debts	56,599	52,569
Other debit Balances	-	-
Total	5,434,563	4,789,291

25 . Property and equipment

	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total
Balance as at Jan.1, 2015	64,708	696,428	1,085,729	69,279	442,792	432,235	145,157	**2,936,328**
Additions during the year 2015	-	94,979	106,785	883	40,424	49,862	-	**292,933**
Ending gross assets at end of the year 2015	**64,708**	**791,407**	**1,192,514**	**70,162**	**483,216**	**482,097**	**145,157**	**3,229,261**
Accu.depreciation as at Jan.1, 2015	-	237,385	812,493	41,109	370,596	348,833	124,097	**1,934,513**
Depreciation 2015	-	29,917	85,091	1,141	43,251	38,588	-	**197,988**
Accu.depreciation at end of the year 2015	**-**	**267,302**	**897,584**	**42,250**	**413,847**	**387,421**	**124,097**	**2,132,501**
Net book value 2015	**64,708**	**524,105**	**294,930**	**27,912**	**69,369**	**94,676**	**21,060**	**1,096,760**
Balance as at Jan.1, 2016	64,708	791,407	1,192,514	70,162	483,216	482,097	145,157	**3,229,261**
Additions during the year 2016	-	114,336	203,124	17,499	124,556	43,777	12,813	**516,105**
Ending gross assets at end of the year 2016	**64,708**	**905,743**	**1,395,638**	**87,661**	**607,772**	**525,874**	**157,970**	**3,745,366**
Accu.depreciation as at Jan.1, 2016	-	267,302	897,584	42,250	413,847	387,421	124,097	**2,132,501**
Depreciation 2016	-	34,958	131,660	5,654	54,520	47,501	13,764	**288,057**
Accu.depreciation at end of the year 2016	**-**	**302,260**	**1,029,244**	**47,904**	**468,367**	**434,922**	**137,861**	**2,420,558**
Net book value 2016	**64,708**	**603,483**	**366,394**	**39,757**	**139,405**	**90,952**	**20,109**	**1,324,808**

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 leased machines and equipment (printers) 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, 2016	Dec.31, 2015
Machines and equipment	**EGP Thousands**	EGP Thousands
Net book value include financial lease assets (Xerox machines) amount equal to	**3,903**	6,579

26 Due to banks

	Dec.31, 2016 EGP Thousands	Dec.31, 2015 EGP Thousands
Current accounts	271,470	224,002
Deposits	2,737,526	1,376,767
Total	3,008,996	1,600,769
Central banks	163,420	816,844
Local banks	2,636,009	271,845
Foreign banks	209,567	512,080
Total	3,008,996	1,600,769
Non-interest bearing balances	545,463	59,127
Fixed interest bearing balances	2,463,533	1,541,642
Total	3,008,996	1,600,769
Current balances	3,008,996	224,002
Non-current balances	-	1,376,767
Total	3,008,996	1,600,769

27 Due to customers

	Dec.31, 2016 EGP Thousands	Dec.31, 2015 EGP Thousands
Demand deposits	60,068,884	43,282,846
Time deposits	57,478,218	42,996,421
Certificates of deposit	69,215,320	37,518,922
Saving deposits	38,519,158	25,790,179
Other deposits	6,459,215	5,646,048
Total	231,740,795	155,234,416
Corporate deposits	110,157,621	82,185,251
Individual deposits	121,583,174	73,049,165
Total	231,740,795	155,234,416
Non-interest bearing balances	37,066,683	26,385,328
Fixed interest bearing balances	194,674,112	128,849,088
Total	231,740,795	155,234,416
Current balances	159,492,892	115,115,076
Non-current balances	72,247,903	40,119,340
Total	231,740,795	155,234,416

The fair value of those deposits approximates the carrying amount.

28 Long term loans

	Interest rate %	Maturity date	Maturing through next year	Balance on Dec.31, 2016	Balance on Dec.31, 2015
			EGP Thousands	EGP Thousands	EGP Thousands
Financial Investment & Sector Cooperation (FISC)	3.5 - 5.5 depends on maturity date	3-5 years	1,111	2,778	3,889
Environmental Compliance Project (ECO)	depends on maturity date 5.5 - 3.5	3-5 years	-	-	550
Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	81,486	88,800	28,000
Social Fund for Development (SFD)	3 months T/D or 9% which is more	04-Jan-20	63,178	68,665	98,889
Balance			145,775	160,243	131,328

29 Other liabilities

	Dec.31, 2016	Dec.31, 2015
	EGP Thousands	EGP Thousands
Accrued interest payable	1,455,029	763,040
Accrued expenses	645,979	586,640
Accounts payable	2,013,241	1,612,381
Financial lease obligation	5,392	8,277
Other payables	149,133	193,768
Brokerage clients - credit balances	-	-
Reconciliation accounts - credit balances	-	-
Total	4,268,774	3,164,106
Distributed to:		
Current	4,266,970	3,155,829
Non Current	1,804	5,392

29.1 Finance lease and hire purchase commitments

The bank had leased machines and equipment (printers) calculated the PV of the 1st contract dated first of September 2010 amounted to EGP 52,923,68

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%.

Future minimum lease payments under finance leases and hire purchase contracts, together with the present value of the net minimum lease payments are, as follows:

	Dec.31, 2016		Dec.31, 2015	
	EGP Thousands		EGP Thousands	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
	3,816	3,588	3,568	2,885
After one year but not more than five years	1,804	1,804	5,620	5,392
Total minimum lease payments	5,620	5,392	9,188	8,277
Less amounts representing finance charges	(228)	-	(911)	-
Present value of minimum lease payments	5,392	5,392	8,277	8,277

30 . Provisions

Dec.31, 2016	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance
						EGP Thousands
Provision for income tax claims	**22,146**	**-**	**-**	**-**	**-**	**22,146**
Provision for legal claims	**29,556**	**9,630**	**1,456**	**(924)**	**(5,451)**	**34,267**
Provision for Stamp duty	**31,000**	**-**	**-**	**-**	**(31,000)**	**-**
Provision for contingent liabilities	**759,173**	**132,845**	**579,997**	**-**	**(37,312)**	**1,434,703**
Provision for other claim	**19,886**	**8,372**	**2,097**	**(2,772)**	**(4,642)**	**22,941**
Total	**861,761**	**150,847**	**583,550**	**(3,696)**	**(78,405)**	**1,514,057**

Dec.31, 2015	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance
						EGP Thousands
Provision for income tax claims	22,146	-	-	-	-	22,146
Provision for legal claims	40,435	1,686	53	(12,113)	(505)	29,556
Provision for Stamp duty	31,000	-	-	-	-	31,000
Provision for contingent liabilities	620,546	125,764	12,863	-	-	759,173
Provision for other claim	16,185	8,416	414	(5,129)	-	19,886
Provision for other claim	730,312	135,866	13,330	(17,242)	(505)	861,761

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

Provision for contingent liabilities:are recognized when the Bank has present contingent obligations as a result of past events; where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

Provision for other claim:are recognized to face the potential risk of banking operations obligations as a result of past events; where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

31 . Issued and paid in capital

	2016	2015
	EGP Thousands	EGP Thousands
Authorized capital	20,000,000	20,000,000
Issued and Paid in Capital	11,538,660	11,470,603
Number of shares outstanding in Thousands	1,153,866	1,147,060

	2016	2015
	EGP	EGP
Par value per share	10	10

- Increase issued and Paid in Capital by amount EGP 68,057 thousand on April 19,2016 to reach EGP 11,538,660 thousand according to Board of Directors decision on November 10, 2015 by issuance of seventh tranch for E.S.O.P program.

32 . Reserves

	Dec.31, 2016 EGP Thousands	Dec.31, 2015 EGP Thousands
Legal reserve	1,035,363	803,355
General reserve	4,554,251	1,518,373
Special reserve	30,778	30,214
Cumulative foreign currencies translation differences	8,588	-
Reserve for A.F.S investments revaluation difference	(2,180,243)	(2,202,462)
Total	3,448,737	149,480

32.1 . 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.

32.2 . General reserve

The general reserve represents optional reserve approved by the general assembly meetings dated 10 March 2015 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.

32.3 . Special reserve

The special reserve represents profits transferred in accordance with the resolutions of the general assembly meetings of dated 4 March 2016.

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.

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

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

33 . 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 the Black-Scholes pricing model.

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

	Dec.31, 2016	Dec.31, 2015
	No. of shares in Thousands	No. of shares in Thousands
Outstanding at the beginning of the year	**20,373**	21,872
Granted during the year	**9,262**	8,653
Forfeited during the year	**(478)**	(677)
Exercised during the year	**(6,806)**	(9,475)
Outstanding at the end of the year	**22,351**	20,373

Details of the rights to share outstanding during the 2016 are as follows :

		EGP	EGP	
	Maturity date	**Exercise price**	**Fair value**	**No. of shares in thousand**
	2017	10.00	18.27	7,935
	2018	10.00	31.67	5,314
	2019	10.00	28.43	9,102
Total				**22,351**

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

	10th tranche	**9th tranche**
Exercise price	10	10
Current share price	38.09	39.35
Expected life (years)	3	3
Risk free rate %	12.40%	13.40%
Dividend yield%	2.50%	2.00%
Volatility%	31%	31%

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

		Dec.31, 2016	Dec.31, 2014
		EGP Thousands	EGP Thousands
Expense arising from equity–settled share–based payment transactions	(note 7)	**187,000**	133,395

	EGP	EGP
Maturity date	**Exercise price**	**Average market value during the exercise date**
2015	10.00	43.52
2016	10.00	41.09

34. 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.

34.1. 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.

34.1.1. Credit risk measurement

34.1.1.1. 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 'incurred 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.

34.1.1.2. 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.

34.1.2.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:

34.1.2.1.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.

34.1.2.2.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.

34.1.2.3.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.

34.1.3. Impairment and provisioning policies

The internal rating system described in Note 34.1.1 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, 2016			December 31, 2015		
Bank's rating	**Loans and advances**	**Impairment provision**	**Net Loans and advances**	Loans and advances	Impairment provision	Net Loans and advances
1-Performing loans	**66,541**	**1,354**	**65,187**	51,411	1,450	49,961
2-Regular watching	**1,7967**	**1,918**	**16,049**	5,867	612	5,255
3-Watch list	**6,373**	**1,651**	**4,722**	2,789	1,027	1,762
4-Non-Performing Loans	**6,586**	**4,898**	**1,688**	2,505	1,630	875
Total	**97,467**	**9,821**	**87,646**	62,572	4,719	57,853

Refer to Note 18 page 20.

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.

34.1.4. Maximum exposure to credit risk before collateral held

	Dec. 31, 2016	Dec. 31, 2015
In balance sheet items exposed to credit risk	**EGP Thousands**	EGP Thousands
Treasury bills and other governmental notes	**39,216,387**	22,130,170
Trading financial assets:		
- Debt instruments	**1,933,420**	5,504,524
Gross loans and advances to banks	**161,451**	48,342
Less:Impairment provision	**(1,800)**	(9,899)
Gross loans and advances to customers		
Individual:		
- Overdraft	**1,901,875**	1,583,233
- Credit cards	**2,423,125**	2,001,159
- Personal loans	**10,745,352**	8,073,622
- Mortgages	**306,930**	298,817
- Other loans	**20,838**	20,881
Corporate:		
- Overdraft	**12,452,698**	8,561,090
- Direct loans	**44,503,511**	27,811,737
- Syndicated loans	**24,840,803**	14,088,786
- Other loans	**110,382**	84,402
Unamortized bills discount	**(5,533)**	(14,375)
Impairment provision	**(12,075,833)**	(5,711,776)
Derivative financial instruments	**269,269**	80,995
Financial investments:		
-Debt instruments	**58,601,911**	54,818,500
Total	**185,404,786**	139,370,208
Off balance sheet items exposed to credit risk		
Customers acceptances	**650,607**	504,774
Letters of credit (import and export)	**2,382,849**	862,279
Letter of guarantee	**65,575,370**	29,640,729
Total	**68,608,826**	31,007,782

The above table represents the Bank Maximum exposure to credit risk on December 31, 2016 , 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 46.05% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represents 32.65%.

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:

- 86.70% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- 93.30% of loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed individualy are valued EGP 6,585,667.
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on December 31, 2016.
- 95.33% of the investments in debt Instruments are Egyptian sovereign instruments.

34.1.5. Loans and advances

Loans and advances are summarized as follows:

	Dec.31, 2016 EGP Thousands		Dec.31, 2015 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	**85,586,627**	**161,451**	56,273,952	27,567
Past due but not impaired	**5,133,220**	**-**	3,765,257	-
Individually impaired	**6,585,667**	**-**	2,484,518	20,775
Gross	**97,305,514**	**161,451**	62,523,727	48,342
Less:				
Impairment provision	**12,075,833**	**1,800**	5,711,776	9,899
Unamortized bills discount	**5,533**	**-**	14,375	-
Net	**85,224,148**	**159,651**	56,797,576	38,443

Impairment provision distributed to:

Collective provision	**205,235**	**-**	205,235	-
Specific provision	**4,511,971**	**1,800**	4,503,872	9,899
Total	**4,717,206**	**1,800**	4,709,107	9,899

Refer to Note 18 page 20.

Impairment provision losses for loans and advances reached EGP 9,819,807 thousand.

During the year, the Bank's total loans and advances increased by 5% representing actual increase after eliminating the devaluation impact.

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 enhancements 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, 2016	Dec. 31, 2015	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 from mortgage 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, 2016**	Dec. 31, 2015
Less than 50%	**-**	-
51–70%	**-**	-
71–90%	**306,930**	298,817
91–100%	**-**	-
More than 100%	**-**	-
Total	**306,930**	298,817

34.1.6. Loans and advances

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

Dec. 31, 2016	**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**	**Total loans and advances to banks**
Performing loans	**1,784,301**	**2,312,458**	**10,137,283**	**296,473**	**-**	**14,530,515**	**9,279,904**	**22,692,882**	**18,424,107**	**100,340**	**50,497,233**	**159,651**
Regular watching	**75,133**	**51,696**	**227,952**	**-**	**-**	**354,781**	**1,000,619**	**10,215,887**	**4,470,640**	**7,598**	**15,694,744**	**-**
Watch list	**13,589**	**19,202**	**85,313**	**-**	**-**	**118,104**	**352,793**	**4,251,195**	**-**	**-**	**4,603,988**	**-**
Non-performing loans	**17,686**	**14,713**	**104,211**	**2,657**	**-**	**139,267**	**477,372**	**901,320**	**170,183**	**-**	**1,548,875**	**-**
Total	**1,890,709**	**2,398,069**	**10,554,759**	**299,130**	**-**	**15,142,667**	**11,110,688**	**38,061,284**	**23,064,930**	**107,938**	**72,344,840**	**159,651**

Dec. 31, 2015	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	Total loans and advances to banks
Performing loans	1,512,038	1,907,963	7,585,578	286,266	-	11,291,845	7,287,534	20,014,726	11,257,517	83,075	38,642,852	25,881
Regular watching	37,236	39,542	211,668	-	-	288,446	243,102	3,001,782	1,720,835	-	4,965,719	1,355
Watch list	8,661	16,795	65,985	-	-	91,441	200,937	1,447,610	21,997	-	1,670,544	-
Non-performing loans	13,463	9,874	75,052	2,359	-	100,748	239,897	458,917	64,211	-	763,025	11,207
Total	1,571,398	1,974,174	7,938,283	288,625	-	11,772,480	7,971,470	24,923,035	13,064,560	83,075	46,042,140	38,443

Refer to Note 18 page 20.

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, 2016	**Individual**					**Corporate**			
	Overdrafts	**Credit cards**	**Personal loans**	**Mortgages**	**Total**	**Overdraft**	**Direct loans**	**Syndicated loans**	**Total**
Past due up to 30 days	**582,120**	**422,066**	**24,732**	**751**	**1,029,669**	**400,439**	**2,522,360**	**43,878**	**2,966,677**
Past due 30 - 60 days	**75,290**	**54,952**	**14,679**	**66**	**144,987**	**74,593**	**55,022**	**-**	**129,615**
Past due over 60 days	**13,801**	**22,964**	**9,382**	**21**	**46,168**	**423,474**	**392,630**	**-**	**816,104**
Total	**671,211**	**499,982**	**48,793**	**838**	**1,220,824**	**898,506**	**2,970,012**	**43,878**	**3,912,396**

Dec.31, 2015	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Past due up to 30 days	496,599	319,812	107,881	491	924,783	1,024,665	1,289,946	4,300	2,318,911
Past due 30-60 days	37,361	42,765	40,608	142	120,876	54,301	40,768	-	95,069
Past due over 60 days	8,735	20,820	19,823	41	49,419	143,274	112,925	-	256,199
Total	542,695	383,397	168,312	674	1,095,078	1,222,240	1,443,639	4,300	2,670,179

Individually impaired loans

Loans and advances individually assessed without taking into consideration cash flows from guarantees are totaled EGP thouands 2,505,293 (2014 :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, 2016	**Individual**					**Corporate**				
	Overdrafts	**Credit cards**	**Personal loans**	**Mortgages**	**Other loans**	**Overdraft**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
Individually impaired loans	**26,350**	**25,180**	**248,302**	**7,479**	**20,838**	**1,368,375**	**3,569,454**	**1,319,689**	**-**	**6,585,667**

Dec.31, 2015	Individual					Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Individually impaired loans	19,154	21,581	157,450	9,456	20,881	567,565	1,118,675	590,531	-	2,505,293

Refer to Note 18 page 20.

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, 2016	Dec.31, 2015
Loans and advances to customer		
Corporate		
- Direct loans	7,771,415	3,126,928
Total	7,771,415	3,126,928

34.1.7. Debt instruments, treasury bills and other governmental notes

The table below presents an analysis of debt instruments, treasury bills and other governmental notes by rating agency designation at end of financial year, based on MEIRS agency and other agencies as of 31 Dec 2016 :

EGP Thousands

Dec.31, 2016	Treasury bills and other gov. notes	Trading financial debt instruments	Non-trading financial debt instruments	Total
AAA	-	-	72,175	72,175
AA- to AA+	-	-	335,898	335,898
A- to A+	-	-	2,103,699	2,103,699
B-	39,177,184	1,933,420	56,090,139	97,200,743
Unrated*	-	-	-	-
Total	39,177,184	1,933,420	58,601,911	99,712,515

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

Dec.31, 2015

EGP Thousands

	Treasury bills and other gov. notes	Trading financial debt instruments	Non-trading financial debt instruments	Total
AAA	-	-	168,408	168,408
AA- to AA+	-	-	467,645	467,645
A- to A+	-	-	937,758	937,758
Lower than A-	22,130,170	-	1,087,336	23,217,506
Unrated*	-	5,504,524	52,157,353	57,661,877
Total	22,130,170	5,504,524	54,818,500	82,453,194

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

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

34.1.8.1. 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, 2016	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Treasury bills and other governmental notes	39,216,387	-	-	**39,216,387**
Trading financial assets:				
- Debt instruments	1,933,420	-	-	**1,933,420**
Gross loans and advances to banks	161,451	-	-	**161,451**
Less:Impairment provision	(1,800)	-	-	**(1,800)**
Gross loans and advances to customers				
Individual:				
- Overdrafts	1,079,308	610,432	212,135	**1,901,875**
- Credit cards	1,966,055	389,788	67,282	**2,423,125**
- Personal loans	6,853,463	3,245,954	645,935	**10,745,352**
- Mortgages	245,530	54,338	7,062	**306,930**
- Other loans	-	20,838	-	**20,838**
Corporate:				
- Overdrafts	9,799,474	1,931,226	721,998	**12,452,698**
- Direct loans	31,427,313	11,029,913	2,046,285	**44,503,511**
- Syndicated loans	21,312,520	3,245,102	283,181	**24,840,803**
- Other loans	82,382	28,000	-	**110,382**
Unamortized bills discount	(5,533)	-	-	**(5,533)**
Impairment provision	(11,487,211)	(483,152)	(105,470)	**(12,075,833)**
Derivative financial instruments	269,269	-	-	**269,269**
Financial investments:				
-Debt instruments	58,601,911	-	-	**58,601,911**
-Investments in associates	36,723	-	-	**36,723**
Total	**161,490,662**	**20,072,439**	**3,878,408**	**185,441,509**

Dec.31, 2015	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Treasury bills and other governmental notes	22,130,170	-	-	**22,130,170**
Trading financial assets:				
- Debt instruments	5,504,524	-	-	**5,504,524**
Gross loans and advances to banks	48,342	-	-	**48,342**
Less:Impairment provision	(9,899)	-	-	**(9,899)**
Gross loans and advances to customers				
Individual:				
- Overdrafts	950,784	474,132	158,317	**1,583,233**
- Credit cards	1,670,160	279,704	51,295	**2,001,159**
- Personal loans	5,383,836	2,218,448	471,338	**8,073,622**
- Mortgages	245,773	46,719	6,325	**298,817**
- Other loans	-	20,881	-	**20,881**
Corporate:				
- Overdrafts	7,038,404	1,310,932	211,754	**8,561,090**
- Direct loans	19,675,531	6,864,143	1,272,063	**27,811,737**
- Syndicated loans	12,150,627	1,634,739	303,420	**14,088,786**
- Other loans	72,402	12,000	-	**84,402**
Unamortized bills discount	(14,375)	-	-	**(14,375)**
Impairment provision	(5,505,777)	(176,141)	(29,858)	**(5,711,776)**
Derivative financial instruments	80,995	-	-	**80,995**
Financial investments:				
-Debt instruments	54,818,500	-	-	**54,818,500**
-Investments in associates	159,983	-	-	**159,983**
Total	**124,399,980**	**12,685,557**	**2,444,654**	**139,530,191**

Refer to Note 18 page 20.

34.1.8.2. Industry analysis

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

EGP Thousands

Dec.31, 2016	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Treasury bills and other governmental notes	-	-	-	-	39,216,387	-	-	**39,216,387**
Trading financial assets:								
- Debt instruments	-	-	-	-	1,933,420	-	-	**1,933,420**
Gross loans and advances to banks	161,451	-	-	-	-	-	-	**161,451**
Less:Impairment provision	(1,800)	-	-	-	-	-	-	**(1,800)**
Gross loans and advances to customers								
Individual:								
- Overdrafts	-	-	-	-	-	-	1,901,875	**1,901,875**
- Credit cards	-	-	-	-	-	-	2,423,125	**2,423,125**
- Personal loans	-	-	-	-	-	-	10,745,352	**10,745,352**
- Mortgages	-	-	-	-	-	-	306,930	**306,930**
- Other loans	-	-	-	-	-	-	20,838	**20,838**
Corporate:								
- Overdrafts	147,328	4,526,400	1,176,583	663,838	1,204,861	4,733,688	-	**12,452,698**
- Direct loans	751,342	20,125,913	189,348	875,430	3,405,137	19,156,341	-	**44,503,511**
- Syndicated loans	181,240	12,625,703	460,604	-	9,838,108	1,735,148	-	**24,840,803**
- Other loans	2,343	108,039	-	-	-	-	-	**110,382**
Unamortized bills discount	(5,533)	-	-	-	-	-	-	**(5,533)**
Impairment provision	(24,793)	(5,217,070)	(12,341)	(105,380)	(45,807)	(6,403,033)	(267,409)	**(12,075,833)**
Derivative financial instruments	269,269	-	-	-	-	-	-	**269,269**
Financial investments:								
-Debt instruments	2,511,772	-	-	-	56,090,139	-	-	**58,601,911**
- Investments in associates	36,723	-	-	-	-	-	-	**36,723**
Total	**4,029,342**	**32,168,985**	**1,814,194**	**1,433,888**	**111,642,245**	**19,222,144**	**15,130,711**	**185,441,509**

Refer to Note 18 page 20.

The following table analysis the Group's main credit exposure at their book value categorized by the Bank customers activities as of 31 Dec 2015.

EGP Thousands

Dec.31, 2015	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Treasury bills and other governmental notes	-	-	-	-	22,130,170	-	-	**22,130,170**
Trading financial assets:								
- Debt instruments	-	-	-	-	5,504,524	-	-	**5,504,524**
Gross loans and advances to banks	48,342	-	-	-	-	-	-	**48,342**
Less:Impairment provision	(9,899)	-	-	-	-	-	-	**(9,899)**
Gross loans and advances to customers								
Individual:								
- Overdrafts	-	-	-	-	-	-	1,583,233	**1,583,233**
- Credit cards	-	-	-	-	-	-	2,001,159	**2,001,159**
- Personal loans	-	-	-	-	-	-	8,073,622	**8,073,622**
- Mortgages	-	-	-	-	-	-	298,817	**298,817**
- Other loans	-	-	-	-	-	-	20,881	**20,881**
Corporate:								
- Overdrafts	6,758	2,828,122	726,278	955,191	966,275	3,078,466	-	**8,561,090**
- Direct loans	882,127	13,445,533	191,793	490,861	2,723,409	10,078,014	-	**27,811,737**
- Syndicated loans	20,775	6,802,020	460,605	-	5,723,935	1,081,451	-	**14,088,786**
- Other loans	9,531	66,321	-	-	-	8,550	-	**84,402**
Unamortized bills discount	(14,375)	-	-	-	-	-	-	**(14,375)**
Impairment provision	(24,453)	(2,855,953)	(12,097)	(28,473)	(37,928)	(2,533,849)	(219,023)	**(5,711,776)**
Derivative financial instruments	80,995	-	-	-	-	-	-	**80,995**
Financial investments:								
-Debt instruments	1,573,811	-	-	-	53,244,689	-	-	**54,818,500**
- Investments in subsidiary and associates	159,983	-	-	-	-	-	-	**159,983**
Total	**2,733,595**	**20,286,043**	**1,366,579**	**1,417,579**	**90,255,074**	**11,712,632**	**11,758,689**	**139,530,191**

The invesment balances and other assets are highly rated not impaired .
Refer to Note 18 page 20.

34.2. 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.

34.2.1. 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, 2016 Carrying amount	Market risk measure Trading portfolios	Non-trading portfolios	Dec.31, 2015 Carrying amount	Market risk measure Trading portfolios	Non-trading portfolios
Assets subject to market risk							
Cash and cash equivalents		10,522,040	-	10,522,040	9,848,954	-	9,848,954
Trading assets		2,445,134	2,445,134	-	5,848,377	5,848,377	-
Derivatives held for risk management		269,269	262,542	6,727	80,995	68,466	12,529
Loans and advances to banks		159,651	-	159,651	38,443	-	38,443
Loans and advances to customers		85,224,148	-	85,224,148	56,797,576	-	56,797,576
Investment securities		59,372,227	-	59,372,227	55,550,295	-	55,550,295
Liabilities subject to market risk							
Trading liabilities		-	-	-	-	-	-
Derivatives held for risk management		331,091	239,883	91,208	145,735	96,974	48,761
Deposits		234,749,791	-	234,749,791	156,835,185	-	156,835,185
Debt securities		-	-	-	-	-	-
Subordinated liabilities		-	-	-	-	-	-

34.2.1.1. 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 basis.

34.2.2. Value at risk (VaR) Summary

Total VaR by risk type	**Dec.31, 2016** Medium	High	Low	Dec.31, 2015 Medium	High	Low
Foreign exchange risk	**31,561**	**300,218**	**276**	248	1,894	5
Interest rate risk	**365,258**	**1,028,396**	**112,744**	157,097	258,851	96,690
Equities risk	**-**	**-**	**-**	-	-	-
Portfolio managed by others risk	**4,775**	**10,341**	**2,682**	5,072	7,426	2,689
Investment fund	**392**	**643**	**264**	361	492	287
Total VaR	**381,247**	**1,193,075**	**113,480**	156,811	257,954	96,562

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.

34.2.3. 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, 2016	EGP	USD	EUR	GBP	Other	Total
Financial assets						
Cash and balances with Central Bank	6,717,875	3,348,337	288,428	72,849	94,551	**10,522,040**
Due from banks	24,091,475	26,223,227	6,578,352	820,495	297,485	**58,011,034**
Treasury bills and other governmental notes	27,521,897	12,514,379	1,337,601	-	-	**41,373,877**
Trading financial assets	2,445,134	-	-	-	-	**2,445,134**
Gross loans and advances to banks	-	161,451	-	-	-	**161,451**
Gross loans and advances to customers	42,173,991	52,235,498	2,474,259	115,024	306,742	**97,305,514**
Derivative financial instruments	262,398	6,871	-	-	-	**269,269**
Financial investments						
- Available for sale	1,497,069	3,950,222	-	-	-	**5,447,291**
- Held to maturity	53,924,936	-	-	-	-	**53,924,936**
Investments in associates	36,723	-	-	-	-	**36,723**
Total financial assets	**158,671,498**	**98,439,985**	**10,678,640**	**1,008,368**	**698,778**	**269,497,269**
Financial liabilities						
Due to banks	2,631,353	285,468	14,435	17,021	60,719	**3,008,996**
Due to customers	131,213,293	89,083,074	10,051,523	984,837	408,068	**231,740,795**
Derivative financial instruments	239,883	91,208	-	-	-	**331,091**
Long term loans	160,243	-	-	-	-	**160,243**
Total financial liabilities	**134,244,772**	**89,459,750**	**10,065,958**	**1,001,858**	**468,787**	**235,241,125**
Net on-balance sheet financial position	**24,426,726**	**8,980,235**	**612,682**	**6,510**	**229,991**	**34,256,144**

Dec.31, 2015	EGP	USD	EUR	GBP	Other	Equivalent EGP Total
Financial assets						
Cash and balances with Central Bank	9,349,647	356,876	76,434	30,879	35,118	**9,848,954**
Due from banks	8,508,366	9,679,891	2,355,831	330,860	127,357	**21,002,305**
Treasury bills and other governmental notes	18,041,899	4,369,826	589,428	-	-	**23,001,153**
Trading financial assets	5,692,538	155,839	-	-	-	**5,848,377**
Gross loans and advances to banks	-	48,342	-	-	-	**48,342**
Gross loans and advances to customers	36,201,181	24,854,523	1,272,045	114,885	81,093	**62,523,727**
Derivative financial instruments	68,023	12,925	47	-	-	**80,995**
Financial investments						**-**
- Available for sale	44,343,759	1,945,316	-	-	-	**46,289,075**
- Held to maturity	9,261,220	-	-	-	-	**9,261,220**
Investments in associates	159,983	-	-	-	-	**159,983**
Total financial assets	**131,626,616**	**41,423,538**	**4,293,785**	**476,624**	**243,568**	**178,064,131**
Financial liabilities						
Due to banks	303,105	1,241,688	42,426	11,651	1,899	**1,600,769**
Due to customers	113,490,778	36,285,344	4,813,066	461,909	183,319	**155,234,416**
Derivative financial instruments	96,928	48,760	47	-	-	**145,735**
Long term loans	131,328	-	-	-	-	**131,328**
Total financial liabilities	**114,022,139**	**37,575,792**	**4,855,539**	**473,560**	**185,218**	**157,112,248**
Net on-balance sheet financial position	**17,604,477**	**3,847,746**	**(561,754)**	**3,064**	**58,350**	**20,951,883**

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
2016	+13%	1,167,431
	-13%	(1,167,431)
2015	+5%	192,387
	-5%	(192,387)

	Change in EUR rate	Effect on profit before tax
		EGP '000
2016	+13%	79,649
	-13%	(79,649)
2015	+5%	(28,088)
	-5%	28,088.0

34.2.4. 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, 2016	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	-	-	-	-	-	10,522,040	**10,522,040**
Due from banks	34,129,196	16,306,169	7,575,636	-	-	33	**58,011,034**
Treasury bills and other governmental notes*	3,988,539	4,614,183	32,771,155	-	-	-	**41,373,877**
Trading financial assets	210,383	221,987	126,111	1,192,101	362,995	331,557	**2,445,134**
Gross loans and advances to banks	23,409	57,093	80,949	-	-	-	**161,451**
Gross loans and advances to customers	54,209,899	15,258,356	18,453,189	7,763,724	1,620,346	-	**97,305,514**
Derivatives financial instruments (including IRS notional amount)	854,063	564,788	4,792,125	10,650,921	493,196	6,871	**17,361,964**
Financial investments							
- Available for sale	2,106,096	-	48,968	2,698,548	32,880	560,799	**5,447,291**
- Held to maturity	4,044,117	3,295,916	6,669,361	29,628,346	10,287,196	-	**53,924,936**
Investments in associates	-	-	-	-	-	36,723	**36,723**
Total financial assets	**99,565,702**	**40,318,492**	**70,517,494**	**51,933,640**	**12,796,613**	**11,458,023**	**286,589,964**
Financial liabilities							
Due to banks	2,463,533	-	-	-	-	545,463	**3,008,996**
Due to customers	86,340,467	23,089,594	20,878,127	62,657,249	1,708,675	37,066,683	**231,740,795**
Derivatives financial instruments (including IRS notional amount)	6,817,163	9,819,461	20,093	675,861	-	91,208	**17,423,786**
Long term loans	49,862	11,298	84,614	14,469	-	-	**160,243**
Total financial liabilities	**95,671,025**	**32,920,353**	**20,982,834**	**63,347,579**	**1,708,675**	**37,703,354**	**252,333,820**
Total interest re-pricing gap	**3,894,677**	**7,398,139**	**49,534,660**	**(11,413,939)**	**11,087,938**	**(26,245,331)**	**34,256,144**

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, 2015	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	-	-	-	-	-	9,848,954	**9,848,954**
Due from banks	16,368,055	4,150,629	130,424	-	-	353,197	**21,002,305**
Treasury bills and other governmental notes*	1,432,274	4,163,254	17,405,625	-	-	-	**23,001,153**
Trading financial assets	157,338	-	101,151	3,478,339	1,925,032	186,517	**5,848,377**
Gross loans and advances to banks	2,252	838	-	45,252	-	-	**48,342**
Gross loans and advances to customers	39,543,164	7,659,403	9,164,763	5,205,019	951,378	-	**62,523,727**
Derivatives financial instruments (including IRS notional amount)	383,992	37,006	1,120,238	6,584,035	208,712	12,924	**8,346,907**
Financial investments							**-**
- Available for sale	896,975	318,479	3,372,459	30,444,441	10,632,983	623,738	**46,289,075**
- Held to maturity	-	-	5,228	9,018,121	237,871	-	**9,261,220**
Investments in associates	-	-	-	-	-	159,983	**159,983**
Total financial assets	**58,784,050**	**16,329,609**	**31,299,888**	**54,775,207**	**13,955,976**	**11,185,313**	**186,330,043**
Financial liabilities							
Due to banks	1,391,139	73,899	76,604	-	-	59,127	**1,600,769**
Due to customers	63,058,113	16,302,639	15,545,522	32,586,811	1,356,003	26,385,328	**155,234,416**
Derivatives financial instruments (including IRS notional amount)	3,277,069	4,786,309	13,496	286,013	-	48,760	**8,411,647**
Long term loans	46,925	3,649	46,372	34,382	-	-	**131,328**
Total financial liabilities	**67,773,246**	**21,166,496**	**15,681,994**	**32,907,206**	**1,356,003**	**26,493,215**	**165,378,160**
Total interest re-pricing gap	**(8,989,196)**	**(4,836,887)**	**15,617,894**	**21,868,001**	**12,599,973**	**(15,307,902)**	**20,951,883**

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 P&L EGP '000
2016		
EGP	+ 100 bps	(75,326)
USD	+ 100 bps	71,658
EUR	+ 100 bps	8,164
EGP	- 100 bps	75,326
USD	- 100 bps	(71,658)
EUR	- 100 bps	(8,164)
2015		
EGP	+ 100 bps	(201,870)
USD	+ 100 bps	33,517
EUR	+ 100 bps	149
EGP	- 100 bps	201,870
USD	- 100 bps	(33,517)
EUR	- 100 bps	(149)

34.3. 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.

34.3.1 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.

34.3.2. 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.

34.3.3. 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, 2016	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	3,008,996	-	-	-	-	3,008,996
Due to customers	30,227,170	24,495,657	55,763,261	108,564,259	12,690,448	231,740,795
Long term loans	49,862	11,298	84,614	14,469	-	160,243
Total liabilities (contractual and non contractual maturity dates)	33,286,028	24,506,955	55,847,875	108,578,728	12,690,448	234,910,034
Cash & Cash Item	5,083,805	-	-	-	-	5,083,805
Due From CBE	13,958,000	15,923,996	7,565,899	5,438,232	-	42,886,127
Due From Local Banks	204,309	-	-	-	-	204,309
Due From Foreign Banks	19,866,454	382,172	110,207	-	-	20,358,833
Available For Sale Investments	525,388	-	153,523	4,735,500	32,880	5,447,291
Trading Investments	490,769	221,987	126,111	1,243,272	362,995	2,445,134
Held To Maturity Investments	4,016,605	3,295,916	6,664,146	29,628,561	10,319,708	53,924,936
Investments in associates	-	-	-	-	36,723	36,723
Treasury Bills	4,027,742	4,614,183	32,771,155	-	-	41,413,080
Net Loans & Overdraft	13,368,396	9,668,819	17,055,324	34,887,070	10,409,723	85,389,332
Total financial assets (contractual and non contractual maturity dates)	61,541,468	34,107,073	64,446,365	75,932,635	21,162,029	257,189,570

Dec.31, 2015	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	1,450,264	73,900	76,605	-	-	1,600,769
Due to customers	21,517,799	18,636,129	42,695,183	69,919,823	2,465,482	155,234,416
Long term loans	46,925	3,649	46,372	34,382	-	131,328
Total liabilities (contractual and non contractual maturity dates)	23,014,988	18,713,678	42,818,160	69,954,205	2,465,482	156,966,513
Cash & Cash Item	1,580,752	-	-	-	-	1,580,752
Due From Cbe	9,629,020	4,137,892	354,595	8,268,202	-	22,389,709
Due From Commercial Banks Local	3,263,306	-	-	-	-	3,263,306
Due From Foreign Banks	3,444,551	-	172,941	-	-	3,617,492
Available For Sale Investments	568,544	318,479	3,372,460	31,396,609	10,632,983	46,289,075
Trading Investments	309,467	-	101,152	3,512,726	1,925,032	5,848,377
Held To Maturity Investments	-	-	-	8,990,841	270,379	9,261,220
Investments in associates	-	-	-	-	159,983	159,983
Treasury Bills	1,432,273	4,163,255	17,405,625	-	-	23,001,153
Net Loans & Overdraft	8,575,837	6,041,818	10,338,037	23,762,471	8,132,231	56,850,394
Total financial assets (contractual and non contractual maturity dates)	28,803,750	14,661,444	31,744,810	75,930,849	21,120,608	172,261,461

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.

34.3.4. 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, 2016	**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	166,787	73,096	-	-	-	239,883
- Interest rate derivatives	-	286	11,375	79,547	-	91,208
Total	**166,787**	**73,382**	**11,375**	**79,547**	**-**	**331,091**

Dec.31, 2015	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	74,061	12,272	10,641	-	-	96,974
- Interest rate derivatives	-	-	-	47,094	1,667	48,761
Total	74,061	12,272	10,641	47,094	1,667	145,735

Letters of credit, guarantees and other commitments

	Up to 1 year	**1-5 years**	**Over 5 years**	**Total**
Dec.31, 2016	42,110,948	19,714,615	6,783,263	68,608,826
Dec.31, 2015	20,632,761	7,382,522	2,992,499	31,007,782

34.4. Fair value of financial assets and liabilities

34.4.1. 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, 2016	Dec.31, 2015	**Dec.31, 2016**	Dec.31, 2015
Financial assets				
Cash and balances with central bank	**10,522,040**	9,848,954	**10,522,040**	9,848,954
Due from banks	**58,011,034**	21,002,305	**58,011,034**	21,002,305
Gross loans and advances to banks	**161,451**	48,342	**161,451**	48,342
Gross loans and advances to customers				
- Individual	**15,398,120**	11,977,712	**14,148,833**	11,292,972
- Corporate	**81,907,394**	50,546,015	**65,086,670**	49,738,382
Financial investments				
Held to Maturity	**53,924,936**	9,261,220	**57,393,464**	8,864,356
Total financial assets	**219,924,975**	102,684,548	**205,323,492**	100,795,311
Financial liabilities				
Due to banks	**3,008,996**	1,600,769	**3,008,996**	1,600,769
Due to customers	**231,740,795**	155,234,416	**175,297,049**	151,400,615
Long term loans	**160,243**	131,328	**160,243**	131,328
Total financial liabilities	**234,910,034**	156,966,513	**178,466,288**	153,132,712

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 2016:

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.

Dec.31, 2016	Date of Valuation	Fair value measurement using 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-16	2,445,134	2,445,134	-
Financial investments available for sale	31-Dec-16	5,447,291	4,807,118	640,173
Treasury bills and other governmental notes	31-Dec-16	39,177,184	-	39,177,184
Total		**47,069,609**	**7,252,252**	**39,817,357**
Derivative financial instruments				
Financial assets	31-Dec-16	**269,269**	-	269,269
Financial liabilities	31-Dec-16	**331,091**	-	331,091
Assets for which fair values are disclosed:				
Financial investments held to maturity	31-Dec-16	57,393,464	-	57,393,464
Loans and advances to banks	31-Dec-16	159,651	-	159,651
Loans and advances to customers	31-Dec-16	79,235,503	-	79,235,503
Total		**136,788,618**	**-**	**136,788,618**
Liabilities for which fair values are disclosed:				
Long term loans	31-Dec-16	160,243	-	160,243
Total		**160,243**	**-**	**160,243**

Dec.31, 2015	Date of Valuation	Fair value measurement using 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-15	5,848,377	5,848,377	-
Financial investments available for sale	31-Dec-15	46,289,075	45,618,289	670,786
Investment property	31-Dec-15	-	-	-
Total equity attributable to equity holders of the parent	31-Dec-15	22,130,170	-	22,130,170
		74,267,622	**51,466,666**	**22,800,956**
Derivative financial instruments				
Financial assets	31-Dec-15	80,995	-	80,995
Financial liabilities	31-Dec-15	145,735	-	145,735
Assets for which fair values are disclosed:				
Financial investments held to maturity	31-Dec-15	8,864,356	-	8,864,356
Loans and advances to banks	31-Dec-15	38,443	-	38,443
Loans and advances to customers	31-Dec-15	61,031,354	-	61,031,354
Total		**69,934,153**	**-**	**69,934,153**
Liabilities for which fair values are disclosed:				
Long term loans	31-Dec-15	131,328	-	131,328
Total		**131,328**	**-**	**131,328**

There are no financial instruments that qualify for classification under level 3 as at 31 December 2016 & 2015 .
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 35.4.1.
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.

34.5 Capital Management

For capital management purposes, the Bank's capital includes total equity as reported in the balance sheet plus some other elements that are managed as capital. The Bank manages its capital to ensure that the following objectives are achieved:
- Compliance with the legally imposed capital requirements in Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base to enhance growth of the Bank's operations.

Capital adequacy and the use of regulatory capital are monitored on a daily basis by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the banking supervision unit in the Central Bank of Egypt.
The required data is submitted to the Central Bank of Egypt on a quarterly basis.

Central Bank of Egypt requires the following:
- Maintaining EGP 500 million as a minimum requirement for the issued and paid-in capital.
- Maintaining a minimum level of capital adequacy ratio of 10%, calculated as the ratio between total value of the capital elements, and the risk-weighted assets and contingent liabilities of the Bank.

Tier one:
Tier one, comprised of paid-in capital (after deducting the book value of treasury shares), retained earnings and reserves resulting from the distribution of profits except the banking risk reserve and deducting previously recognized goodwill and any retained losses

Tier two:
Represents the gone concern capital which comprised of general risk provision according to the impairment provision guidelines issued by the Central Bank of Egypt for to the maximum of 1.25% risk weighted assets and contingent liabilities ,subordinated loans with more than five years to maturity (amortizing 20% of its carrying amount in each year of the remaining five years to maturity) and 45% of the increase in fair value than book value for available for sale , held to maturity , subsidiaries and associates investments.
When calculating the numerator of capital adequacy ratio, the rules set limits of total tier 2 to no more than tier 1 capital and also limits the subordinated to no more than 50% of tier1.
Assets risk weight scale ranging from zero to 100% based on the counterparty risk to reflect the related credit risk scheme, taking into considration the cash collatrals. Similar criteria are used for off balance sheet items after adjusting it to reflect the nature of contingency and the potential loss of those amounts. The Bank has complied with all local capital adequacy requirements for the current year.

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

	Dec.31, 2016 EGP Thousands	Dec.31, 2015 EGP Thousands Restated**
Tier 1 capital		
Share capital (net of the treasury shares)	**11,538,660**	11,470,603
Goodwill	**(22,981)**	(209,842)
Reserves	**5,756,206**	5,755,642
Retained Earnings (Losses)	**31,462**	-
Total deductions from tier 1 capital common equity	**(2,793,403)**	(2,666,248)
Total qualifying tier 1 capital	**14,509,944**	14,350,155
Tier 2 capital		
45% of special reserve	**49**	49
45% of foreign currencies translation differences	**3,865**	-
45% of the Increase in fair value than the book value for available for sale and held to maturity investments	**-**	13,957
Impairment provision for loans and regular contingent liabilities	**1,606,644**	991,210
Total qualifying tier 2 capital	**1,610,558**	1,005,216
Total capital 1+2	**16,120,502**	15,355,371
Risk weighted assets and contingent liabilities		
Total credit risk	**128,698,992**	79,363,222
Total market risk	**6,701,579**	4,030,779
Total operational risk	**14,696,762**	12,225,993
Total	**150,097,333**	95,619,994
***Capital adequacy ratio (%)**	**10.74%**	16.06%

***After 2015 profit distribution.*

After the approval of appropriation account for the year 2016, The capital adequacy ratio will reach 13.97%

2-Leverage ratio	Dec.31, 2016 EGP Thousands	Dec.31, 2015 EGP Thousands Restated**
Total qualifying tier 1 capital	**14,509,944**	14,350,155
On-balance sheet items & derivatives	**271,962,373**	182,221,419
Off-balance sheet items	**41,080,543**	23,224,714
Total exposures	**313,042,916**	205,446,133
***Percentage**	**4.64%**	6.98%

***After 2015 profit distribution.*

35. Segment analysis

35.1. 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, 2016					
External revenue					
Net interest income	**6,738,491**	**59,200**	**(37,016)**	**3,256,348**	**10,017,023**
Net fee and commission income	**894,115**	**33,563**	**37**	**620,241**	**1,547,956**
Net trading income	**1,185,757**	**2,392**	**-**	**127,033**	**1,315,182**
Total segment revenue	**8,818,363**	**95,155**	**(36,979)**	**4,003,622**	**12,880,161**
Reportable segment profit before tax	**2,335,568**	**1,105,199**	**2,360,974**	**1,785,202**	**7,586,943**
Reportable segment assets	**126,094,668**	**5,000,585**	**119,000,093**	**17,604,222**	**267,699,568**
Reportable segment liabilities	**85,063,074**	**410,522**	**373**	**161,251,698**	**246,725,666**
Letters of guarantee	**35,670,635**	**358,653**	**29,471,373**	**74,709**	**65,575,370**
Letters of credit	**1,578,317**	**42,833**	**742,407**	**19,292**	**2,382,849**
Customers acceptances	**645,339**	**-**	**-**	**5,268**	**650,607**
Total contingent liabilities and commitments	**37,894,292**	**401,487**	**30,213,780**	**99,268**	**68,608,826**

	Corporate banking	SME's	Investment banking	Retail banking	Total
Dec.31, 2015					
External revenue					
Net interest income	5,458,509	47,955	(29,985)	2,637,802	8,114,281
Net fee and commission income	942,866	35,393	39	654,060	1,632,358
Net trading income	640,489	1,292	-	68,617	710,398
Total segment revenue	7,041,864	84,640	(29,946)	3,360,479	10,457,037
Reportable segment profit before tax	3,855,887	599,175	284,449	1,311,869	6,051,380
Reportable segment assets	165,913,970	1,124,475	632,464	11,864,786	179,535,695
Reportable segment liabilities	56,355,554	271,977	247	106,831,653	163,459,431
Letters of guarantee	16,123,487	162,115	13,321,358	33,769	29,640,729
Letters of credit	571,144	15,500	268,654	6,981	862,279
Customers acceptances	500,687	-	-	4,087	504,774
Total contingent liabilities and commitments	17,195,318	177,615	13,590,012	44,837	31,007,782

35.2 . By geographical segment

EGP Thousands

Dec.31, 2016	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	**10,425,798**	**1,104,147**	**186,983**	**11,716,928**
Expenses according to geographical segment	**(3,464,852)**	**(499,518)**	**(165,615)**	**(4,129,985)**
Profit before tax	**6,960,946**	**604,629**	**21,368**	**7,586,943**
Tax	**(1,961,608)**	**(157,377)**	**(5,562)**	**(2,124,547)**
Profit for the year	**4,999,338**	**447,252**	**15,806**	**5,462,396**
Total assets	**241,072,434**	**21,740,165**	**4,886,969**	**267,699,568**

Dec.31, 2015	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	9,441,901	1,167,385	443,508	11,052,794
Expenses according to geographical segment	(4,379,251)	(420,704)	(201,459)	(5,001,414)
Profit before tax	5,062,650	746,681	242,049	6,051,380
Tax	(1,545,865)	(209,814)	(68,014)	(1,823,693)
Profit for the year	3,516,785	536,867	174,035	4,227,687
Total assets	162,048,822	13,712,913	3,773,960	179,535,695

36 . Contingent liabilities and commitments

36.1 . 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.

36.2 . Capital commitments

36.2.1 . Financial investments

The capital commitments for the financial investments reached on the date of financial position EGP Thousands 36,533 as follows:

Available for sale financial investments	Investments value EGP Thousands	Paid EGP Thousands	Remaining EGP Thousands
Dec.31, 2016	**182,665**	**146,132**	**36,533**
Dec.31, 2015	77,301	61,841	15,460

36.2.2 . 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, 2016 EGP Thousands	Dec.31, 2015 EGP Thousands
	38,059	50,013

36.3 . Letters of credit, guarantees and other commitments

	Dec.31, 2016 **EGP Thousands**	Dec.31, 2015 EGP Thousands
Letters of guarantee	**65,575,370**	29,640,729
Letters of credit (import and export)	**2,382,849**	862,279
Customers acceptances	**650,607**	504,774
Total	**68,608,826**	31,007,782

	Dec.31, 2016 **EGP Thousands**	Dec.31, 2015 EGP Thousands
Credit facilities commitments	**7,245,061**	24,237,408

37 . Related party disclosures

37.1 . Transactions with key management personnel of the Bank

	Dec.31, 2016		Dec.31, 2015	
	Outstanding balance	Income (expense)	Outstanding balance	Income
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Loans and advances	155	111	784,014	107,869
Deposits	79,496	(2,819)	286,691	(92,388)

37.2 Transactions with associates

	Dec.31, 2016			
	Interest from	Interest to	Amounts owed by	Amounts owed to
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
International Co. for Security & Services	174	346	-	90,292

	Interest from	Interest to	Amounts owed by	Amounts owed to
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
International Co. for Security & Services *	439	83,668	12,157	1,638
Corplease Co.	30,933	343	3,812	115,932
Haykala for Investment	660	281	-	73
Egypt Factors	12,947	135	117,697	25,376

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.

* The increase in interest to International Co. for Security & Services due to the increase in their deposits amount during 2016 Vs 2015.

38 . Tax status

Corporate income tax

The Bank's corporate income tax position has been examined, paid and settled with the tax authority since the operations start up until the end of year 2014.

Corporate income tax annual report is submitted.

Salary tax

The Bank's salary tax has been examined, paid and settled since the operations start up until the end of 2013.

The Bank's salary tax is currently under examination for the period 2014-2015.

Stamp duty tax

The Bank's stamp duty tax has been examined and paid since the operations start up until 31/7/2006. Any disputes are currently under discussion at the tax appeal committee and the court for adjudication.

The Bank's stamp duty tax is being re-examined for the period from 1/8/2006 till 30/9/2015 according to the protocol between the Federation of Egyptian banks and the tax authority.

39 . Non current assets held for sale

Assets

-CI Capital Holding

The Non current assets held for sale represent CI Capital Holding CIB's investment banking arm,a subsidiary owned by CIB with a 99.98% owner shi
CIB signed Sale and Purchase Agreement (SPA) with a group of non-related Egyptian and Gulf investors for the sale of 71.94% of the share capital of CI Capital Holding ("CI Capital"), for a total transaction value amounting to EGP 683.4 Million, with a total company value of EGP 950 Mi
The transaction was structured as a book building process that targeted prominent local and regional individual and institutional investors.

	Dec.31, 2016 **EGP Thousands**	Dec.31, 2015 EGP Thousands
Due from banks	**653,742**	246,791
Treasury bills and other governmental notes	**21,214**	2,085
Trading financial assets	**36,894**	33,655
Brokerage clients - debit balances	**463,052**	657,560
Financial investments available for sale	**9,850**	16,123
Reconciliation accounts- debit balances	**-**	978
Goodwill	**22,981**	-
Other assets	**3,576,254**	86,525
Deferred tax assets	**-**	3,234
Property, plant and equipment	**106,451**	19,319
Total	**4,890,438**	1,066,270

Liabilities

	Dec.31, 2016 **EGP Thousands**	Dec.31, 2015 EGP Thousands
Brokerage clients - credit balances	**616,845**	223,840
Due to customers	**19,589**	-
Other liabilities	**2,972,202**	124,628
Current tax liabilities	**37,214**	13,653
Other provisions	**38,826**	9,501
Total	**3,684,676**	371,622
Minority interest	**89,689**	4,066
	3,774,365	375,688
Net	**1,116,073**	690,582

Profit from discontinuing operations

	Dec.31, 2016 **EGP Thousands**	Dec.31, 2015 EGP Thousands
Interest and similar income	**122,476**	7,692
Interest and similar expense	**(347,012)**	(59,443)
Fee and commission income	**781,147**	301,859
Fee and commission expense	**(1,869)**	(1,393)
Dividend income	**3,379**	2,555
Other provisions	**(22,127)**	-
Net trading income	**75,436**	(6,627)
Administrative expenses	**(250,177)**	(181,634)
Other operating (expenses) income	**29,263**	8,152
Financial lease	**(232,476)**	-
Net Profit Before Tax	**158,040**	71,161
Income tax expense	**(29,778)**	(13,653)
Deferred tax	**(886)**	3,607
Net profit of the year	**127,376**	61,115

	Dec.31, 2016	Dec.31, 2015
	EGP Thousands	EGP Thousands
Net cash flows from discontining operation:		
Net cash provided from operating activities	**113,018**	105,698
Net cash used in investing activities	**(1,047,942)**	(10,638)
Net cash used in financing activities	**801,170**	(224,840)
Net increase (decrease) in cash and cash equivalent during the year	**(133,754)**	(129,780)
financial statements translation	**4,168**	-
Beginning balance of cash and cash equivalent	**528,820**	512,077
Cash and cash equivalent at the end of the year	**399,234**	382,297

	Dec.31, 2016	Dec.31, 2015
	EGP Thousands	EGP Thousands
Earning per share from discontinuing operations:		
Basic earning per share	**2.32**	0.63
Diluted earning per share	**2.32**	0.63

40 . Goodwill and Intangible assets:

Commercial International Bank of Egypt has acquired Citibank Egypt's Retail Banking and Credit Cards businesses in Egypt on 29 October 2015.
The transfer process concerns Citibank's retail banking and cards businesses including employees,branches and its ATM network.

	Dec.31, 2016
	EGP Thousands
Loans and advances to customers	**1,078,684**
Due to customers	**1,380,765**

The acquisition resulted in a goodwill and intangible assets including customers relationships , which is the outcome from the difference between the purchase price and the fair value of Citibank's portfolio.
Excess Earnings Method has been used to estimate the value of customer relationships. According to this method, the value of this intangible asset is represented in the present value of the earnings attributable to the subject intangible asset after providing for the proportion of earnings that attribute to returns for contributory assets.
The estimated the value of customer relationships was based on the expected profit to be earned from interest, fees, and charges.
No impairment indicators exist as of the statement of financial position.

A summary of the policies applied to the group's intangible assets is as follows:

	Goodwill	**Customer Relations**
Useful lives	Indefinite	Indefinite
Amortisation method used	No amortisation	No amortisation
Internally generated or acquired	Acquired	Acquired

Due to the nature of acquired Citibank Egypt's Retail Banking and Credit Cards businesses goodwill and intangible assets couldn't be allocated to cash generating unit.

40.1 Goodwill:

	Dec.31, 2016	Dec.31, 2015
	EGP Thousands	EGP Thousands
Fair value at acquisition at 1 November 2015	**217,078**	217,078
Impairment	**(217,078)**	-
Net book value	**-**	217,078

-An impairment study was prepared by An independent financial advisor. the valuator used the Discounted Cash Flows method for 5 years to estimate the fair value of the Portfolio based upon business plan provided by the CIB to estimate the future cash flows to be generated by the acquired portfolio using discount rate of 19.9% based on CAPM.

-This impairment is attributable to the shrinkage of the business plan used in the impairment test compared to the business plan based o which the deal value was estimated.

-The shrinkage in the business plan is attributable to the following:

- the increase in market interest rates.
- the economic instability in Egypt.
- the Egyptian Pound free float.

40.2 Intangible assets:

	Dec.31, 2016	Dec.31, 2015
	EGP Thousands	EGP Thousands
Fair value at acquisition at 1 November 2015	**651,041**	651,041
Impairment	**-**	-
Net book value	**651,041**	651,041

41 . Important events

The Central Bank of Egypt, in its meeting held on November 3, 2016, decided to float the exchange rate for foreign currencies in order to give the banks operating in Egypt the flexibility to determine the sale and purchase price for foreign currencies within legal channels. Accordingly, the value of foreign currency-denominated assets and liabilities may differ significantly from the values reported in the financial statements for the financial year which ended December 31, 2016. The income statement would also be impacted by the revaluation of the outstanding foreign currency positions on the date of financial position and in subsequent periods. Along with the exchange rate liberalization, the Central Bank of Egypt also decided to raise the overnight deposit and lending rates by 300 basis points to 14.75% and 15.75%, respectively, which is expected to impact the Bank's pricing policies for its current and future products.

	Dec.31, 2016	Dec.31, 2015
	EGP Thousands	EGP Thousands
Profits from non-trading assets and liabilities revaluation	**(682,556)**	42,062

A BANK TO TRUST

IFRS Consolidated

Financial Statement

December - 2015

www.cibeg.com

EY
Building a better working world

Allied for Accounting & Auditing
Ragheb, Hamouda, Istanbouli, Tageldeen & El-Kilany
P.O. Box 20 Kattameya
Rama Tower
Ring Road, Zone #10A
Kattameya, Cairo, Egypt

Tel: +202 2726 0260
Fax: +202 2726 0100
Cairo.office@eg.ey.com
ey.com/mena

Independent auditor's report to the shareholders of the Commercial International Bank (Egypt) S.A.E and its subsidiaries

We have audited the accompanying Consolidated financial statements of Commercial International Bank (Egypt) S.A.E. and its subsidiaries ("the Bank"), which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management' responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Building a better working world

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Commercial International Bank (Egypt) S.A.E. and its subsidiaries ("the Bank") as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Allied for Accounting & Auditing
A Member of
Ernst & Young Global
المتضامنون للمحاسبة والمراجعة

Emad Hafez Ragheb

Partner

Cairo: 25 February 2016

Consolidated statement of profit or loss for the year ended December 31, 2015

	Notes	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Interest and similar income		14,765,337	11,529,667
Interest and similar expense		(6,651,056)	(5,256,449)
Net interest income	3	8,114,281	6,273,218
Fee and commission income		1,932,054	1,631,008
Fee and commission expense		(299,696)	(180,109)
Net fee and commission income	4	1,632,358	1,450,899
Dividend income	5	35,062	27,501
Net trading income	6	710,398	716,789
Profits (Losses) on financial investments	22	270,998	(29,122)
Administrative expenses	7	(2,561,964)	(2,113,468)
Other operating expenses	8	(566,304)	(731,466)
Impairment charge for credit losses	9	(1,682,439)	(588,794)
Bank's share in the profits of associates	12	27,829	24,510
Profit before income tax from continuing operations		5,980,219	5,030,067
Current income tax expense		(1,949,694)	(1,814,609)
Deferred income tax	10.2	136,047	38,355
Net profit from continuing operations		4,166,572	3,253,813
Discontinuing Operations			
Profit from discontinuing operations (Net of tax)	40	61,115	72,218
Net profit for the year		4,227,687	3,326,031
Attributable to:			
Equity holders of the parent		4,227,001	3,324,242
Non-controlling interest		686	1,789
Net Profit for the year		4,227,687	3,326,031
Earning per share	11		
Basic attributable to equity holders of the parent		3.69	2.90
Diluted attributable to equity holders of the parent		3.64	2.86
Earning per share from continuing operations			
Basic attributable to equity holders of the parent		3.63	2.84
Diluted attributable to equity holders of the parent		3.58	2.80

The accompying notes from 1 to 41 form an integral part of these consolidated financial statements.

Hisham Ezz El-Arab
Chairman and Managing Director

Consolidated statement of other comprehensive income for the year ended December 31, 2015

	Dec. 31, 2015	Dec. 31, 2014
	EGP Thousands	EGP Thousands
Profit for the year	**4,227,687**	3,326,031
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	**(1,609,226)**	127,243
Other comprehensive income for the yeaı	**(1,609,226)**	127,243
Total comprehensive income for the yeaı	**2,618,461**	3,453,274
Attributable to:		
Equity holders of the parent	**2,617,775**	3,451,485
Non-controlling interest	**686**	1,789

The accompying notes from 1 to 41 form an integral part of these consolidated financial statements.

Consolidated statement of financial position as at December 31, 2015

	Notes	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Assets			
Cash and balances with central bank	13	9,848,954	7,502,256
Due from banks	14	21,002,305	9,521,999
Treasury bills and other governmental notes	15	22,130,170	30,548,890
Financial assets held for trading	16	5,848,377	3,762,718
Loans and advances to banks, net	17	38,443	118,091
Loans and advances to customers, net	18	56,797,576	48,685,630
Non current assets held for sale	40	1,066,270	-
Derivative financial instruments	19	80,995	52,188
Financial investments			
- Available for sale	21	46,289,075	27,702,122
- Held to maturity	21	9,261,220	9,160,746
Investments in associates	23	159,983	181,661
Investment properties	24	-	884,094
Other assets	25	4,789,291	4,585,686
Goodwill	41	217,078	-
Intangible assets	41	651,041	-
Deferred tax assets	10.2	258,157	121,737
Property and equipment	26	1,096,760	1,001,815
Total assets		179,535,695	143,829,633
Liabilities and equity			
Liabilities			
Due to banks	27	1,600,769	1,131,385
Due to customers	28	155,234,416	121,974,959
Non current liabilities held for sale	40	371,622	-
Derivative financial instruments	19	145,735	137,175
Other liabilities	30	3,164,106	3,401,728
Current Tax Liability		1,949,694	1,831,273
Long term loans	29	131,328	242,878
Other provisions	31	861,761	730,312
Total liabilities		163,459,431	129,449,710
Equity			
Issued and paid in capital	32	11,470,603	9,081,734
Reserves	33	149,480	1,905,930
Reserve for employee stock ownership plan (ESOP)		248,148	177,766
Retained earnings		4,160,601	3,165,298
Total equity attributable to equity holders of the parent		16,028,832	14,330,728
Non-controlling interest		47,432	49,195
Total equity		16,076,264	14,379,923
Total liabilities , equity and non-controlling interest		179,535,695	143,829,633

The accompying notes from 1 to 41 form an integral part of these consolidated financial statements.

Hisham Ezz El-Arab
Chairman and Managing Director

Consolidated statement of changes in shareholders' equity

Dec. 31, 2015	Attributable to equity holders of the parents						
	Issued and paid in capital	Reserve for employee stock ownership plan (ESOP)	Retained earnings	Reserves	Total	Non-controlling interest	Total equity
							EGP Thousands
Beginning balance	9,002,435	190,261	2,245,025	203,343	11,641,064	47,415	11,688,479
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 employee 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 year	-	-	9	-	9	(9)	-
Balance at 31 December 2014	**9,081,734**	**177,766**	**3,165,298**	**1,905,930**	**14,330,728**	**49,195**	**14,379,923**
Profit for the year	**-**	**-**	**4,227,687**	**-**	**4,227,687**	**686**	**4,228,373**
Other comprehensive income	**-**	**-**	**-**	**(1,609,226)**	**(1,609,226)**	**-**	**(1,609,226)**
Total comprehensive income	**-**	**-**	**4,227,687**	**(1,609,226)**	**2,618,461**	**686**	**2,619,147**
Capital increase	**2,388,869**	**-**		**(2,388,869)**	**-**	**-**	**-**
Reserve for employee stock ownership plan (ESOP)	**-**	**133,395**	**-**	**-**	**133,395**	**-**	**133,395**
Dividend	**-**	**-**	**(1,053,752)**	**-**	**(1,053,752)**	**(1,081)**	**(1,054,833)**
Transferred to reserves	**-**	**(63,013)**	**(2,178,632)**	**2,241,645**	**-**	**-**	**-**
Change during the year	**-**	**-**	**-**	**-**	**-**	**(1,368)**	**(1,368)**
Balance at 31 December 2015	**11,470,603**	**248,148**	**4,160,601**	**149,480**	**16,028,832**	**47,432**	**16,076,264**

Consolidated cash flow statement for the year ended December 31, 2015

	Notes	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Cash flow from operating activities			
Profit before income tax from continued operations		**5,980,219**	5,030,067
Profit before income tax from Discontinued Operations	40	**71,161**	89,057
Adjustments to reconcile net profit to net cash provided by operating activities			
Fixed assets depreciation		**197,988**	231,582
Impairment charge for credit losses		**1,682,439**	588,794
Other provisions charges		**135,866**	286,724
Trading financial investments revaluation differences		**353,590**	(4,957)
Available for sale and held to maturity investments exchange revaluation differences		**(96,638)**	(38,176)
Financial investments impairment charge		**140,751**	65,748
Utilization of other provisions		**(17,242)**	(6,798)
Other provisions no longer used		**(505)**	(456)
Exchange differences of other provisions		**13,330**	(3,857)
Profits from selling property and equipment		**(564)**	(2,106)
Profits from selling financial investments		**(163,270)**	(83,131)
Profits from selling associates		**(285,431)**	-
Shares based payments		**133,395**	99,857
Exchange differences of long term loans		**-**	-
Investments in associates revaluation		**(27,829)**	(24,510)
Finance expense related to financial lease contrac		**1,048**	2,483
Operating profits before changes in operating assets and liabilities		**8,118,308**	6,230,321
Net decrease (increase) in assets and liabilities			
Due from banks		**(13,346,479)**	(131,636)
Treasury bills and other governmental notes		**5,497,825**	(4,897,448)
Trading financial assets		**(2,439,249)**	(1,462,541)
Derivative financial instruments		**(20,247)**	73,193
Loans and advances to banks and customers		**(9,714,737)**	(7,526,841)
Other assets		**(1,273,556)**	(1,373,214)
Goodwill		**217,078**	-
Intangible Assets		**651,041**	-
Due to banks		**469,384**	(242,025)
Due to customers		**33,259,457**	25,129,276
Income tax obligations paid		**(1,814,609)**	1,411,719
Other liabilities		**15,319**	(1,182,253)
Net cash provided from operating activities		**19,619,535**	16,028,551
Cash flow from investing activities			
Payment to acquire Citibank - Egypt's retail banking portfolio		**(868,119)**	-
Payment for purchase of associates		**-**	(16,877)
Proceeds from selling associates		**334,451**	-
Payment for purchases of property and equipment		**(304,401)**	(245,493)
Proceeds from redemption of held to maturity financial investments		**3,919,074**	-
Payment for purchases of held to maturity financial investments		**(4,019,548)**	(4,963,569)
Payment for purchases of available for sale financial investments		**(25,392,460)**	(9,079,241)
Proceeds from selling available for sale financial investments		**5,315,438**	4,938,025
Proceeds from selling property and equipment		**-**	2,106
Proceeds (payments) from real estate investments		**884,094**	(884,094)
Net cash used in investing activities		**(20,131,471)**	(10,249,143)

Consolidated cash flow statement for the year ended December 31, 2015 (Cont.)

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Cash flow from financing activities		
Increase (decrease) in long term loans	**(111,550)**	110,725
Dividend paid	**(1,563,646)**	(942,775)
Capital increase	**94,748**	79,299
Payment related to finanace lease	**(12,380)**	(15,210)
Net cash used in financing activities	**(1,592,828)**	(767,961)
Net increase (decrease) in cash and cash equivalent during the year	**(2,104,764)**	5,011,447
Beginning balance of cash and cash equivalent	**16,540,665**	11,529,218
Cash and cash equivalent at the end of the year	**14,435,901**	16,540,665
Cash and cash equivalent comprise:		
Cash and balances with central bank	**9,848,954**	7,502,256
Due from banks	**21,002,305**	9,521,999
Treasury bills and other governmental notes	**22,130,170**	30,548,890
Obligatory reserve balance with CBE	**(8,268,202)**	(3,497,164)
Due from banks with maturities more than three months	**(13,664,965)**	(5,425,131)
Treasury bills with maturity more than three months	**(16,612,361)**	(22,110,185)
Total cash and cash equivalent	**14,435,901**	16,540,665

Notes to the consolidated financial statements for the year ended December 31, 2015

1. Corporate information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 159 branches, and 28 units (2014: 135 branches, and 26 units) employing 5983 (2014: 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, 2015 the Bank directly owns 54,988,500 shares representing 99.98% of CI Capital Holding Company's capital and on December 31, 2015 CI Capital Holding Co. Directly owns the following shares in its subsidiaries:

	December 31, 2015	December 31, 2014
Company name	Ownership%	Ownership%
CIBC Co.	98.96	96.60
CI Assets Management	95.72	95.72
CI Investment Banking Co.	99.54	99.26
Dynamic Brokerage Co.	99.96	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 35.2.4.

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 2015. 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.

2.2. 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 2015 is set out below in relation to the impairment of financial instruments and in the following notes:

•• Note 35.4 – determination of fair value of financial instruments with significant unobservable inputs;

••Note 10.2 – recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used; and

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

•• Note 34 -Share-based payments.

•• Note 36 -Segment analysis.

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 35.4.

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 35.4.

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 18.

Impairment of available-for-sale investments

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When 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 statement of profit or loss – is removed from OCI and recognized in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized in OCI.

The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed 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 statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, 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 finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

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.

2.3. 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 consolidated statement of profit and loss in net trading 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 .

(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 impairment losses on financial investments. 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 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 and equipment. Leases of property 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 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 administrative expense 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 administrative expense 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.

(26) Noncurrent assets held for sale

IFRS 5 requires a non-current asset (or disposal group) to be classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Determining whether (and when) an asset stops being recovered principally through use and becomes recoverable principally through sale.

For an asset (or disposal group) to be classified as held for sale:

(a) It must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups) ;(b) Its sale must be highly probable; (c) It must genuinely be sold, not abandoned.

The standard requires that non-current assets (and, in a 'disposal group', related liabilities and current assets,) meeting its criteria to be classified as held for sale be:

(a) Measured at the lower of carrying amount and fair value less costs to sell, with depreciation on them ceasing; and

(b) Presented separately on the face of the statement of financial position with the results of discontinued operations presented separately in the statement of comprehensive income.

2.4. 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

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Bank plans to adopt the new standard on the required effective date. During 2015, The Bank has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to The Bank in the future. Overall, The Bank expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Bank expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

(a) Classification and measurement

The Bank expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as available-for-sale with gains and losses recorded in OCI will be measured at fair value through profit or loss instead, which will increase volatility in recorded profit or loss. The AFS reserve currently in accumulated OCI will be reclassified to opening retained earnings. Debt securities are expected to be measured at fair value through OCI under IFRS 9 as The Bank expects not only to hold the assets to collect contractual cash flows but also to sell a significant amount on a relatively frequent basis.

The equity shares in non-listed companies are intended to be held for the foreseeable future. The Bank expects to apply the option to present fair value changes in OCI, and, therefore, believes the application of IFRS 9 would not have a significant impact. If The Bank were not to apply that option, the shares would be held at fair value through profit or loss, which would increase the volatility of recorded profit or loss.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, The Bank expects that these will continue to be measured at amortised cost under IFRS 9. However, The Bank will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment

IFRS 9 requires The Bank to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Bank expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Bank expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

(c) Hedge accounting

The Bank believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, The Bank does not expect a significant impact as a result of applying IFRS 9. The Bank will assess possible changes related to the accounting for the time value of options, forward points or the currency basis spread in more detail in the future.

Amendments to IAS 16 and IAS 38: ***Clarification of Acceptable Methods of Depreciation and Amortisation***

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to The Bank given that The Bank has not used a revenue-based method to depreciate its non-current assets.

Annual Improvements ***2012-2014 Cycle***

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 5 ***Non-current Assets Held for Sale and Discontinued Operations***

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

Amendments to IAS 1 ***Disclosure Initiative***

The amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

• The materiality requirements in IAS 1

• That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated

• That entities have flexibility as to the order in which they present the notes to financial statements

• That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss
Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Bank.

Amendments to IFRS 10, IFRS 12 and IAS 28 ***Investment Entities: Applying the Consolidation Exception***

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10.

The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Bank.

3 Net interest income

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Interest and similar income		
- Banks	366,302	216,234
- Clients	5,147,557	4,326,580
	5,513,859	4,542,814
Treasury bills and bonds	9,154,619	6,856,847
Reverse repos	2,338	6,456
Financial investments in held to maturity and available for sale debt instruments	94,521	123,550
Total	14,765,337	11,529,667
Interest and similar expense		
- Banks	(79,801)	(77,885)
- Clients	(6,561,613)	(5,174,000)
	(6,641,414)	(5,251,885)
Financial instruments purchased with a commitment to re-sale (Repos)	(7,762)	-
Finance expense related to financial lease contract	(1,048)	(2,483)
Other	(832)	(2,081)
Total	(6,651,056)	(5,256,449)
Net interest income	8,114,281	6,273,218

4 Net fee and commission income

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Fee and commission income		
Fee and commissions related to credit	1,041,382	933,311
Custody fee	73,268	57,015
Other fee	817,404	640,682
Total	1,932,054	1,631,008
Fee and commission expense		
Other fee	(299,696)	(180,109)
Total	(299,696)	(180,109)
Net income from fee and commission	1,632,358	1,450,899

5 Dividend income

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Trading securities	4,060	-
Available for sale securities	31,002	27,501
Total	35,062	27,501

6 Net trading income

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Gain from foreign exchange	214,574	258,844
Forex gain from revaluations of trading assets and liabilities	96	2,340
Gain (Loss) from forward foreign exchange deals revaluation	2,928	(6,266)
Loss from interest rate swaps revaluation	(9,240)	(1,282)
Profit (Loss) from currency swap deals revaluation	7,752	(38,002)
Net gains on trading securities	494,288	501,155
Total	710,398	716,789

7 . Administrative expenses

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Staff costs		
Wages and salaries	**(860,366)**	(678,973)
Social insurance	**(54,836)**	(44,716)
Other benefits	**(570,888)**	(457,695)
Stock option	**(133,395)**	(99,857)
Depreciation *	**(197,988)**	(231,582)
Maintenance	**(206,289)**	(175,837)
Premises & Vehicles improvements and maintenance	**(293,931)**	(230,562)
Internship expense	**(35,125)**	(30,793)
Board Meeting & Director's expense	**(2,220)**	(1,839)
Other administrative expenses	**(206,926)**	(161,614)
Total	**(2,561,964)**	(2,113,468)
***include depreciation related to financial lease contract amounting to:**	**(9,732)**	(13,260)

8 . Other operating (expenses) income

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Forex gains from non-trading assets and liabilities revaluation	**42,062**	3,396
Gains from selling property, plant and equipment	**564**	2,106
Charges of other provisions	**(135,361)**	(281,805)
Care Service & Cash Trans. Expense	**(52,467)**	(57,119)
Regulatory Expense	**(183,506)**	(193,811)
Consultants	**(31,862)**	(8,242)
IT communications	**(117,719)**	(107,232)
Utilities	**(48,430)**	(84,889)
Others operating expenses	**(39,585)**	(3,870)
Total	**(566,304)**	(731,466)

9 . Impairment charge for credit losses

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Loans and advances to customers	**(1,682,439)**	(588,794)
Total	**(1,682,439)**	(588,794)

10 . Income Taxes

10.1 Adjustments to calculate the effective tax rate

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Profit before tax	**6,051,380**	5,119,124
Tax rate	**22.5%**	30% - 25%
Income tax based on accounting profit	**1,361,561**	1,535,687
Add / (Deduct)		
Non-deductible expenses	**381,849**	152,187
Tax exemptions	**(103,447)**	(55,634)
Effect of provisions	**186,107**	166,302
Depreciation	**(7,259)**	(5,449)
10% Withholding tax	**4,883**	-
Income tax / Deferred tax	**1,823,693**	1,793,093
Effective tax rate	**30.14%**	35.03%

10.2 . Deferred tax assets

Deferred tax assets and liabilities are attributable to the following:

	Net balance at 1 January	Balance at 31 December 2015 Recognised in profit or loss	Net	Deferred tax assets	Deferred tax liabilities
Fixed assets (depreciation)	(28,456)	6,089	(22,367)	-	(22,367)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	17,970	(3,417)	14,553	14,553	-
Intangible Assets & Good will	-	3,255	3,255	3,255	-
Other investments impairment	82,888	40,355	123,243	123,243	-
Reserve for employee stock ownership plan (ESOP)	49,335	11,535	60,870	60,870	-
Interest rate swaps revaluation	-	335	335	335	-
Trading investment revaluation	-	78,927	78,927	78,927	-
Forward foreign exchange deals revaluation	-	(659)	(659)	-	(659)
Total Assets (Liabilities)	**121,737**	**136,420**	**258,157**	**281,183**	**(23,026)**

	Net balance at 1 January	Balance at 31 December 2014 Recognised in profit or loss	Net	Deferred tax assets	Deferred tax liabilities
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)**

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	Earning per share		Earning per share from continuing operations	
	Dec.31, 2015	Dec.31, 2014	**Dec.31, 2015**	Dec.31, 2014
	EGP Thousands	EGP Thousands	**EGP Thousands**	EGP Thousands
(i) Profit attributable to ordinary shareholders (basic)				
Net profit for the year attributable to equity holders of the bank	**4,227,001**	3,324,242	**4,165,886**	3,252,024
(ii) Weighted - average number of ordinary shares (basic)				
Average number of shares	**1,147,060**	1,147,060	**1,147,060**	1,147,060
Basic earning per share	**3.69**	2.90	**3.63**	2.84
(b) Diluted earnings per share				
(i) Profit attributable to ordinary shareholders (diluted)				
Net profit for the year attributable to equity holders of the bank	**4,227,001**	3,324,242	**4,165,886**	3,252,024
(ii) Weighted - average number of ordinary shares (diluted)				
Issued ordinary shares	**1,147,060**	1,147,060	**1,147,060**	1,147,060
Effect of ESOP program	**15,557**	15,251	**15,557**	15,251
Weighted - average number of ordinary shares diluted	**1,162,617**	1,162,311	**1,162,617**	1,162,311
Diluted earning per share	**3.64**	2.86	**3.58**	2.80

12 . Bank's share in the profits of associates

	Dec.31, 2015	Dec.31, 2014
	EGP Thousands	EGP Thousands
- Commercial International Life Insurance co.	**(10,480)**	5,743
- Corplease co.	**21,912**	14,967
- Haykala for Investment	**171**	52
- Egypt Factors	**(816)**	525
- International Co. for Security and Services (Falcon)	**17,042**	3,223
Total	**27,829**	24,510

13 . Cash and balances with central bank

	Dec.31, 2015	Dec.31, 2014
	EGP Thousands	EGP Thousands
Cash	**1,580,752**	2,109,660
Current accounts	**8,268,202**	5,392,596
Total	**9,848,954**	7,502,256
Non-interest bearing balances	**9,848,954**	7,502,256

14 . Due from banks

	Dec.31, 2015	Dec.31, 2014
	EGP Thousands	EGP Thousands
Current accounts	**1,386,078**	1,017,373
Deposits	**19,616,227**	8,504,626
Total	**21,002,305**	9,521,999
Central banks	**14,121,507**	4,297,194
Local banks	**3,263,306**	1,112,318
Foreign banks	**3,617,492**	4,112,487
Total	**21,002,305**	9,521,999
Non-interest bearing balances	**353,197**	420,477
Fixed interest bearing balances	**20,649,108**	9,101,522
Total	**21,002,305**	9,521,999
Current balances	**21,002,305**	9,521,999
Total	**21,002,305**	9,521,999

15 Treasury bills and other governmental notes

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
91 Days maturity	5,595,527	8,539,354
182 Days maturity	7,513,324	8,293,655
364 Days maturity	9,892,302	15,107,327
Unearned interest	(870,983)	(1,469,221)
Total 1	22,130,170	30,471,115
Reverse repos treasury bonds	-	77,775
Total 2	-	77,775
Total (1+2)	22,130,170	30,548,890

16 Financial assets held for trading

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Debt instruments		
- Governmental bonds	5,504,524	3,335,297
- Other debt instruments	-	35,147
Total	5,504,524	3,370,444
Equity instruments		
- Mutual funds	157,336	150,806
Total	157,336	150,806
- Portfolio managed by others	186,517	241,468
Total	5,848,377	3,762,718

17 . Loans and advances to banks, net

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Time and term loans	48,342	132,673
Less:Impairment provision	(9,899)	(14,582)
Total	38,443	118,091
Current balances	3,090	93,035
Non-current balances	35,353	25,056
Total	38,443	118,091

Analysis for impairment provision of loans and advances to banks

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Beginning balance	14,582	21,411
Charge during the year	(4,902)	(6,915)
Exchange revaluation difference	219	86
Ending balance	9,899	14,582

18 . Loans and advances to customers, net

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Individual		
- Overdraft	**1,583,233**	1,438,217
- Credit cards	**2,001,159**	1,010,014
- Personal loans	**8,073,622**	5,729,054
- Real estate loans	**298,817**	325,266
- Other loans	**20,881**	20,934
Total 1	**11,977,712**	8,523,485
Corporate		
- Overdraft	**8,561,090**	6,598,541
- Direct loans	**27,811,737**	25,008,383
- Syndicated loans	**14,088,786**	12,645,169
- Other loans	**84,402**	216,429
Total 2	**50,546,015**	44,468,522
Total Loans and advances to customers (1+2)	**62,523,727**	52,992,007
Less:		
Unamortized bills discount	**(14,375)**	(5,568)
Impairment provision	**(5,711,776)**	(4,300,809)
Net loans and advances to customers	**56,797,576**	48,685,630
Distributed to		
Current balances	**25,011,678**	21,190,611
Non-current balances	**31,785,898**	27,495,019
Total	**56,797,576**	48,685,630

At 31 December 2015 Impairment provision includes EGP 1,002,669 representing the interest in suspense and the provision of EGP 4,709,107 also at 31 December 2014 Impairment provision includes EGP 859,052 representing the interest in suspense and the provision of EGP 3,441,757.

Analysis for impairment provision of loans and advances to customers

	Individual					
Dec.31, 2015	**Overdraft**	**Credit cards**	**Personal loans**	**Real estate loans**	**Other loans**	**Total**
Beginning balance	(10,550)	(7,434)	(81,153)	(8,422)	(20,934)	(128,493)
(Charged) released during the year	(1,281)	(28,331)	(59,317)	(1,770)	53	(90,646)
Write off during the year	-	14,120	5,148	-	-	19,268
Recoveries during the year	(4)	(5,340)	(17)	-	-	(5,361)
Ending balance	(11,835)	(26,985)	(135,339)	(10,192)	(20,881)	(205,232)

			Corporate		
Dec.31, 2015	**Overdraft**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
Beginning balance	(491,763)	(2,172,426)	(644,225)	(4,850)	(3,313,264)
(Charged) released during the year	(79,462)	(1,201,442)	(349,313)	3,523	(1,626,694)
Write off during the year	-	545,777	-	-	545,777
Recoveries during the year	-	(3,399)	-	-	(3,399)
Exchange revaluation difference	(18,395)	(57,212)	(30,688)	-	(106,295)
Ending balance	(589,620)	(2,888,702)	(1,024,226)	(1,327)	(4,503,875)

	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)

Refer to Note 18 page 20.

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, 2015			Dec.31, 2014		
	Notional amount	**Assets**	**Liabilities**	Notional amount	Assets	Liabilities
Foreign currencies derivatives						
- Forward foreign exchange contracts	**972,438**	**16,766**	**25,683**	1,761,253	2,364	14,209
- Currency swap	**3,448,349**	**51,258**	**71,244**	3,928,336	19,857	47,594
- Options	**26,830**	**47**	**47**	319,390	3,887	3,713
Total 1		**68,071**	**96,974**		26,108	65,516
Interest rate derivatives						
- Interest rate swaps	**14,687**	**395**	**-**	278,504	1,575	434
Total 2		**395**	**-**		1,575	434
- Commodity 3	**-**	**-**	**-**	1,041	-	-
Total 3		**-**	**-**		-	-
Total assets (liabilities) for trading derivatives (1+2)		**68,466**	**96,974**		27,683	65,950

19.1.2 . Fair value hedge

	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate derivatives						
- Governmental debt instruments hedging	**286,014**	**-**	**26,296**	621,189	-	63,402
- Customers deposits hedging	**7,965,211**	**12,529**	**22,465**	4,276,937	24,505	7,823
Total 3		**12,529**	**48,761**		24,505	71,225
Total financial derivatives (1+2+3)		**80,995**	**145,735**		52,188	137,175

	Dec.31, 2015 Assets	Dec.31, 2015 Liabilities	Dec.31, 2014 Assets	Dec.31, 2014 Liabilities
Distributed To:				
Current:	**73,487**	**97,408**	31,524	65,950
Non-current:	**7,508**	**48,327**	20,664	71,225
Total	**80,995**	**145,735**	52,188	137,175

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, 2015	Dec.31, 2014
	EGP Thousands	EGP Thousands
Gains/(Losses) on:		
- Hedged instruments	10,488	(27,306)
- Hedged item attributable to hedged risk	(21,401)	44,862
Hedge ineffectiveness recognized immediately in income statement	(10,913)	17,556

21 Financial investments

	Dec.31, 2015	Dec.31, 2014
Available for sale	EGP Thousands	EGP Thousands
- Listed debt instruments with fair value	45,589,793	27,249,861
- Listed equity instruments with fair value	28,496	87,770
- Unlisted instruments	670,786	364,491
Total	46,289,075	27,702,122
Held to maturity		
- Listed debt instruments	9,228,707	9,133,233
- Unlisted instruments	32,513	27,513
Total	9,261,220	9,160,746
Total financial investment	55,550,295	36,862,868
Fixed interest debt instruments	53,244,689	35,211,927
Floating interest debt instruments	1,573,811	1,171,168
Total	54,818,500	36,383,095

	Available for sale financial investments	Held to maturity financial investments	Total
			EGP Thousands
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 from fair value difference	121,245	-	121,245
Impairment charges	(59,751)	-	(59,751)
Ending Balance	27,702,122	9,160,746	36,862,868
Beginning balance 2015	27,702,122	9,160,746	36,862,868
Addition	25,392,460	4,019,548	29,412,008
Deduction (selling - redemptions)	(5,152,168)	(3,919,074)	(9,071,242)
Exchange revaluation differences for foreign financial assets	96,638	-	96,638
losses from fair value difference	(1,572,274)	-	(1,572,274)
Impairment charges	(177,703)	-	(177,703)
Ending Balance	46,289,075	9,261,220	55,550,295

22 . Profits (Losses) on financial investments

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Gain from selling available for sale financial instruments	163,270	83,131
Impairment (charges) of available for sale equity instruments	(177,703)	(59,751)
Gain (Loss) from selling investments in associates	285,431	-
Impairment release (charges) of associates	-	(52,480)
Administration Expense to acquire held to maturity debt investments	-	(22)
Total	270,998	(29,122)

23 . Investments in associates

Dec.31, 2015	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								
- Corplease	Financial Leasing	Egypt	2,623,964	2,356,465	421,621	24,752	124,149	43
- Haykala for investment	Investment Banking	Egypt	5,010	211	272	41	1,202	40
- Egypt Factors	Factoring	Egypt	313,515	272,665	20,827	(15,672)	-	49
- International Co. for Security and Services (Falcon)	Security Services	Egypt	193,470	109,644	257,943	36,190	34,632	40
Total			3,135,959	2,738,985	700,663	45,311	159,983	

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

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								
- 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	

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
The bank's share of proft from continuing operations	27,829	24,510
The bank's share of total comprehensive income	27,829	24,510

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
The Dividends distributed to the bank from associates	-	1,012

24 Investment properties

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 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

24 . Investment properties

	Fair Value * Dec.31, 2015 EGP Thousands	Fair Value * Dec.31, 2014 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.

25 . Other assets

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Accrued revenues	2,892,503	1,870,423
Prepaid expenses	139,357	117,982
Advances to purchase fixed assets	157,202	145,170
Accounts receivable and other assets	1,547,660	1,653,149
Assets acquired as settlement of debts	52,569	27,351
Other debit balances	-	771,611
Insurance	4,789,291	4,585,686

26 . Property and equipment

	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total
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**
Balance as at Jan.1, 2015	64,708	696,428	1,085,729	69,279	442,792	432,235	145,157	**2,936,328**
Additions during the year 2015	-	94,979	106,785	883	40,424	49,862	-	**292,933**
Ending gross assets at end of the year 2015	**64,708**	**791,407**	**1,192,514**	**70,162**	**483,216**	**482,097**	**145,157**	**3,229,261**
Accu.depreciation as at Jan.1, 2015	-	237,385	812,493	41,109	370,596	348,833	124,097	**1,934,513**
Depreciation 2015	-	29,917	85,091	1,141	43,251	38,588	-	**197,988**
Accu.depreciation at end of the year 2015	**-**	**267,302**	**897,584**	**42,250**	**413,847**	**387,421**	**124,097**	**2,132,501**
Net book value 2015	**64,708**	**524,105**	**294,930**	**27,912**	**69,369**	**94,676**	**21,060**	**1,096,760**

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, 2015	Dec.31, 2014
	EGP Thousands	EGP Thousands
Net book value include financial lease assets (Xerox machines) amount equal to	**6,579**	19,379

27 Due to banks

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Current accounts	224,002	945,684
Deposits	1,376,767	185,701
Total	1,600,769	1,131,385
Central banks	816,844	12,386
Local banks	271,845	221,043
Foreign banks	512,080	897,956
Total	1,600,769	1,131,385
Non-interest bearing balances	59,127	899,657
Fixed interest bearing balances	1,541,642	231,728
Total	1,600,769	1,131,385
Current balances	224,002	945,684
Non-current balances	1,376,767	185,701
Total	1,600,769	1,131,385

28 Due to customers

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Demand deposits	43,282,846	30,502,057
Time deposits	42,996,421	35,408,462
Certificates of deposit	37,518,922	31,001,139
Saving deposits	25,790,179	21,603,688
Other deposits	5,646,048	3,459,613
Total	155,234,416	121,974,959
Corporate deposits	82,185,251	61,934,339
Individual deposits	73,049,165	60,040,620
Total	155,234,416	121,974,959
Non-interest bearing balances	26,385,328	33,961,670
Fixed interest bearing balances	128,849,088	88,013,289
Total	155,234,416	121,974,959
Current balances	115,115,076	88,300,091
Non-current balances	40,119,340	33,674,868
Total	155,234,416	121,974,959

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, 2015	Balance on Dec.31, 2014
			EGP Thousands	EGP Thousands	EGP Thousands
Financial Investment & Sector Cooperation (FISC)	3.5 - 5.5 depends on maturity date	3-5 years	3,889	**3,889**	-
Environmental Compliance Project (ECO)	9 - 10.5	2012	550	**550**	1,690
Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	12,000	**28,000**	105,075
Social Fund for Development (SFD)	3 months T/D or 9% which is more	3-6 years	28,472	**98,889**	136,113
Balance			44,911	**131,328**	242,878

30 Other liabilities

	Dec.31, 2015	Dec.31, 2014
	EGP Thousands	EGP Thousands
Accrued interest payable	**763,040**	629,260
Accrued expenses	**586,640**	515,716
Accounts payable	**1,612,381**	1,590,289
Financial lease obligation	**8,277**	20,657
Other payables	**193,768**	276,686
Brokerage clients - credit balances	**-**	360,145
Reconciliation accounts - credit balances	**-**	8,975
Total	**3,164,106**	3,401,728
Distributed to:		
Current	**3,155,829**	3,393,452
Non Current	**8,277**	8,277

31 . Other provisions

Dec.31, 2015	**Beginning balance**	**Charged amounts**	**Exchange revaluation difference**	**Utilized amounts**	**Reversed amounts**	**Ending balance**
						EGP Thousands
Provision for income tax claims	**22,146**	**-**	**-**	**-**	**-**	**22,146**
Provision for legal claims	**40,435**	**1,686**	**53**	**(12,113)**	**(505)**	**29,556**
Provision for Stamp duty	**31,000**	**-**	**-**	**-**	**-**	**31,000**
Provision for contingent liabilities	**620,546**	**125,764**	**12,863**	**-**	**-**	**759,173**
Provision for other claim	**16,185**	**8,416**	**414**	**(5,129)**	**-**	**19,886**
Total	**730,312**	**135,866**	**13,330**	**(17,242)**	**(505)**	**861,761**

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
Provision for other claim	454,699	286,724	(3,857)	(6,798)	(456)	730,312

32 . Issued and paid in capital

	2015	2014
	EGP Thousands	EGP Thousands
Authorized capital	20,000,000	20,000,000
Issued and Paid in Capital*	11,470,603	9,081,734
Number of shares outstanding in Thousands	1,147,060	908,173

* Increase in issued and Paid in Capital by amount EGP 2,294,121 thousand on December 10, 2015 according to Ordinary General Assembly Meeting decision on March 12 ,2015 by distribution of a one share for every four outstanding shares by capitalizing on the General Reserve.

33 . Reserves

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Legal reserve	**803,355**	621,084
General reserve	**1,518,373**	1,850,496
Special reserve	**30,214**	27,586
Reserve for A.F.S investments revaluation difference	**(2,202,462)**	(593,236)
Total	**149,480**	1,905,930

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 10 March 2015 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, 2015 **No. of shares in Thousands**	Dec.31, 2014 No. of shares in Thousands
Outstanding at the beginning of the year	**21,872**	23,918
Granted during the year*	**8,653**	7,038
Forfeited during the year	**(677)**	(1,154)
Exercised during the year	**(9,475)**	(7,930)
Outstanding at the end of the year	**20,373**	21,872

Details of the rights to share outstanding during the 2015 are as follows :

Maturity date	EGP Exercise price	EGP Fair value *	No. of shares in thousand
2016	10.00	13.47	6,806
2017	10.00	18.27	8,139
2018	10.00	31.67	5,428
Total			**20,373**

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

	9th tranche	**8th tranche**
Exercise price	10	10
Current share price	39.35	26.06
Expected life (years)	3	3
Risk free rate %	13.40%	12.40%
Dividend yield%	2.00%	3.07%
Volatility%	31%	35%

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

The equity instruments fair value and number of shares for the seventh,eighth and ninth trenches have been adjusted to reflect the dilution effect of the Stock dividend that took place in 2015.

		Dec.31, 2015 **EGP Thousands**	Dec.31, 2014 EGP Thousands
Expense arising from equity–settled share–based payment transactions	(note 7)	**133,395**	99,857

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. 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 35.1.1 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, 2015			December 31, 2014		
Bank's rating	**Loans and advances**	**Impairment provision**	**Net Loans and advances**	Loans and advances	Impairment provision	Net Loans and advances
1-Performing loans	**51,411**	**1,450**	**49,961**	45,979	1,172	44,807
2-Regular watching	**5,867**	**612**	**5,255**	3,596	388	3,208
3-Watch list	**2,789**	**1,027**	**1,762**	1,047	191	856
4-Non-Performing Loans	**2,505**	**1,630**	**875**	2,502	1,705	797
Total	**62,572**	**4,719**	**57,853**	53,124	3,456	49,668

Refer to Note 18 page 20.

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, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
In balance sheet items exposed to credit risk		
Treasury bills and other governmental notes	**22,130,170**	30,471,115
Trading financial assets:		
- Debt instruments	**5,504,524**	3,370,444
Gross loans and advances to banks	**48,342**	132,673
Less:Impairment provision	**(9,899)**	(14,582)
Gross loans and advances to customers		
Individual:		
- Overdraft	**1,583,233**	1,438,217
- Credit cards	**2,001,159**	1,010,014
- Personal loans	**8,073,622**	5,729,054
- Mortgages	**298,817**	325,266
- Other loans	**20,881**	20,934
Corporate:		
- Overdraft	**8,561,090**	6,598,541
- Direct loans	**27,811,737**	25,008,383
- Syndicated loans	**14,088,786**	12,645,169
- Other loans	**84,402**	216,429
Unamortized bills discount	**(14,375)**	(5,568)
Impairment provision	**(5,711,776)**	(4,300,809)
Derivative financial instruments	**80,995**	52,188
Financial investments:		
-Debt instruments	**54,818,500**	36,383,095
Total	**139,370,208**	119,080,563
Off balance sheet items exposed to credit risk		
Customers acceptances	**504,774**	757,509
Letters of credit (import and export)	**862,279**	1,289,834
Letter of guarantee	**29,640,729**	23,262,617
Total	**31,007,782**	25,309,960

The above table represents the Bank Maximum exposure to credit risk on December 31, 2015 , 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 40.94% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represents 43.17%.

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

- 91.59% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- 96.02% of loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed individualy are valued EGP 2,505,293.
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on December 31, 2015.
- 97.09% 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, 2015 EGP Thousands		Dec.31, 2014 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	56,273,952	27,567	48,117,365	107,617
Past due but not impaired	3,765,257	-	2,397,998	-
Individually impaired	2,484,518	20,775	2,476,644	25,056
Gross	62,523,727	48,342	52,992,007	132,673
Less:				
Impairment provision	5,711,776	9,899	4,300,809	14,582
Unamortized bills discount	14,375	-	5,568	-
Net	56,797,576	38,443	48,685,630	118,091

Impairment provision distributed to:

	Dec.31, 2015 Loans and advances to customers	Dec.31, 2015 Loans and advances to banks	Dec.31, 2014 Loans and advances to customers	Dec.31, 2014 Loans and advances to banks
Collective provision	205,235	-	128,495	-
Specific provision	4,503,872	9,899	3,313,262	14,582
Total	4,709,107	9,899	3,441,757	14,582

Refer to Note 18 page 20.

Impairment provision losses for loans and advances reached EGP 4,719,006 thousand.

During the year the Bank's total loans and advances increased by 17.18% .

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 enhancements 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, 2015	Dec. 31, 2014	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 from mortgage 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, 2015	Dec. 31, 2014
Less than 50%	-	-
51–70%	-	-
71–90%	298,817	325,266
91–100%	-	-
More than 100%	-	-
Total	298,817	325,266

35.1.3. Loans and advances

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

Dec. 31, 2015	**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	1,512,038	1,907,963	7,585,578	286,266	-	11,291,845	7,287,534	20,014,726	11,257,517	83,075	38,642,852	25,881
Regular watching	37,236	39,542	211,668	-	-	288,446	243,102	3,001,782	1,720,835	-	4,965,719	1,355
Watch list	8,661	16,795	65,985	-	-	91,441	200,937	1,447,610	21,997	-	1,670,544	-
Non-performing loans	13,463	9,874	75,052	2,359	-	100,748	239,897	458,917	64,211	-	763,025	11,207
Total	1,571,398	1,974,174	7,938,283	288,625	-	11,772,480	7,971,470	24,923,035	13,064,560	83,075	46,042,140	38,443

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

Refer to Note 18 page 20.

I-121

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, 2015	**Individual**					**Corporate**			
	Overdrafts	**Credit cards**	**Personal loans**	**Mortgages**	**Total**	**Overdraft**	**Direct loans**	**Syndicated loans**	**Total**
Past due up to 30 days	**496,599**	**319,812**	**107,881**	**491**	**924,783**	**1,024,665**	**1,289,946**	**4,300**	**2,318,911**
Past due 30 - 60 days	**37,361**	**42,765**	**40,608**	**142**	**120,876**	**54,301**	**40,768**	**-**	**95,069**
Past due over 60 days	**8,735**	**20,820**	**19,823**	**41**	**49,419**	**143,274**	**112,925**	**-**	**256,199**
Total	**542,695**	**383,397**	**168,312**	**674**	**1,095,078**	**1,222,240**	**1,443,639**	**4,300**	**2,670,179**

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 over 60 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

F-122

Individually impaired loans

Loans and advances individually assessed without taking into consideration cash flows from guarantees are totaled EGP thouands 2,505,293 (2014 :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, 2015	**Individual**					**Corporate**				
	Overdrafts	**Credit cards**	**Personal loans**	**Mortgages**	**Other loans**	**Overdraft**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
Individually impaired loans	**19,154**	**21,581**	**157,450**	**9,456**	**20,881**	**567,565**	**1,118,675**	**590,531**	**-**	**2,505,293**

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

Refer to Note 18 page 20.

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, 2015	Dec.31, 2014
Loans and advances to customer		
Corporate		
- Direct loans	**3,126,928**	3,243,393
Total	**3,126,928**	3,243,393

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 2015 :

EGP Thousands

Dec.31, 2015	Treasury bills and other gov. notes	Trading financial debt instruments	Non-trading financial debt instruments	Total
AAA	-	-	168,408	**168,408**
AA- to AA+	-	-	467,645	**467,645**
A- to A+	-	-	937,758	**937,758**
Lower than A-	22,130,170	-	1,087,336	**23,217,506**
Unrated*	-	5,504,524	52,157,353	**57,661,877**
Total	**22,130,170**	**5,504,524**	**54,818,500**	**82,453,194**

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

Dec.31, 2014

EGP Thousands

	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, 2015	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Treasury bills and other governmental notes	22,130,170	-	-	**22,130,170**
Trading financial assets:				
- Debt instruments	5,504,524	-	-	**5,504,524**
Gross loans and advances to banks	48,342	-	-	**48,342**
Less:Impairment provision	(9,899)	-	-	**(9,899)**
Gross loans and advances to customers				
Individual:				
- Overdrafts	950,784	474,132	158,317	**1,583,233**
- Credit cards	1,670,160	279,704	51,295	**2,001,159**
- Personal loans	5,383,836	2,218,448	471,338	**8,073,622**
- Mortgages	245,773	46,719	6,325	**298,817**
- Other loans	-	20,881	-	**20,881**
Corporate:				
- Overdrafts	7,038,404	1,310,932	211,754	**8,561,090**
- Direct loans	19,675,531	6,864,143	1,272,063	**27,811,737**
- Syndicated loans	12,150,627	1,634,739	303,420	**14,088,786**
- Other loans	72,402	12,000	-	**84,402**
Unamortized bills discount	(14,375)	-	-	**(14,375)**
Impairment provision	(5,505,777)	(176,141)	(29,858)	**(5,711,776)**
Derivative financial instruments	80,995	-	-	**80,995**
Financial investments:				
-Debt instruments	54,818,500	-	-	**54,818,500**
-Investments in associates	159,983	-	-	**159,983**
Total	**124,399,980**	**12,685,557**	**2,444,654**	**139,530,191**

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	(4,054,048)	(244,534)	(2,227)	**(4,300,809)**
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**

Refer to Note 18 page 20.

35.1.5.2. 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, 2015	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Treasury bills and other governmental notes	-	-	-	-	22,130,170	-	-	**22,130,170**
Trading financial assets:								
- Debt instruments	-	-	-	-	5,504,524	-	-	**5,504,524**
Gross loans and advances to banks	48,342	-	-	-	-	-	-	**48,342**
Less:Impairment provision	(9,899)	-	-	-	-	-	-	**(9,899)**
Gross loans and advances to customers								
Individual:								
- Overdrafts	-	-	-	-	-	-	1,583,233	**1,583,233**
- Credit cards	-	-	-	-	-	-	2,001,159	**2,001,159**
- Personal loans	-	-	-	-	-	-	8,073,622	**8,073,622**
- Mortgages	-	-	-	-	-	-	298,817	**298,817**
- Other loans	-	-	-	-	-	-	20,881	**20,881**
Corporate:								
- Overdrafts	6,758	2,828,122	726,278	955,191	966,275	3,078,466	-	**8,561,090**
- Direct loans	882,127	13,445,533	191,793	490,861	2,723,409	10,078,014	-	**27,811,737**
- Syndicated loans	20,775	6,802,020	460,605	-	5,723,935	1,081,451	-	**14,088,786**
- Other loans	9,531	66,321	-	-	-	8,550	-	**84,402**
Unamortized bills discount	(14,375)	-	-	-	-	-	-	**(14,375)**
Impairment provision	(24,453)	(2,855,953)	(12,097)	(28,473)	(37,928)	(2,533,849)	(219,023)	**(5,711,776)**
Derivative financial instruments	80,995	-	-	-	-	-	-	**80,995**
Financial investments:								
-Debt instruments	1,573,811	-	-	-	53,244,689	-	-	**54,818,500**
- Investments in subsidiary and associates	159,983	-	-	-	-	-	-	**159,983**
Total	**2,733,595**	**20,286,043**	**1,366,579**	**1,417,579**	**90,255,074**	**11,712,632**	**11,758,689**	**139,530,191**

Refer to Note 18 page 20.

The following table analysis the Group's main credit exposure at their book value categorized by the Bank customers activities as of 31 Dec 2014.

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	(137,307)	(2,349,511)	(12,627)	(9,582)	(10,071)	(1,624,572)	(157,139)	**(4,300,809)**
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**

The invesment balances and other assets are highly rated not impaired .
Refer to Note 18 page 20.

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, 2015 Carrying amount	Market risk measure Trading portfolios	Non-trading portfolios	Dec.31, 2014 Carrying amount	Market risk measure Trading portfolios	Non-trading portfolios
Assets subject to market risk						
Cash and cash equivalents	9,848,954	-	9,848,954	7,502,256	-	7,502,256
Trading assets	5,848,377	5,848,377	-	3,762,718	3,762,718	-
Derivatives held for risk management	80,995	68,466	12,529	52,188	27,683	24,505
Loans and advances to banks	38,443	-	38,443	118,091	-	118,091
Loans and advances to customers	56,797,576	-	56,797,576	48,685,630	-	48,685,630
Investment securities	55,550,295	-	55,550,295	36,862,868	-	36,862,868
Liabilities subject to market risk						
Trading liabilities	-	-	-	-	-	-
Derivatives held for risk management	145,735	96,974	48,761	137,175	65,950	71,225
Deposits	156,835,185	-	156,835,185	123,106,344	-	123,106,344
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 basis.

35.2.2. Value at risk (VaR) Summary

Total VaR by risk type	Dec.31, 2015 Medium	High	Low	Dec.31, 2014 Medium	High	Low
Foreign exchange risk	**248**	**1,894**	**5**	42	351	3
Interest rate risk	**157,097**	**258,851**	**96,690**	81,711	125,871	63,594
Equities risk	**-**	**-**	**-**	84	141	-
Portfolio managed by others risk	**5,072**	**7,426**	**2,689**	4,132	6,817	1,108
Investment fund	**361**	**492**	**287**	357	549	223
Total VaR	**156,811**	**257,954**	**96,562**	81,859	126,094	63,618

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	9,349,647	356,876	76,434	30,879	35,118	**9,848,954**
Due from banks	8,508,366	9,679,891	2,355,831	330,860	127,357	**21,002,305**
Treasury bills and other governmental notes	18,041,899	4,369,826	589,428	-	-	**23,001,153**
Trading financial assets	5,692,538	155,839	-	-	-	**5,848,377**
Gross loans and advances to banks	-	48,342	-	-	-	**48,342**
Gross loans and advances to customers	36,201,181	24,854,523	1,272,045	114,885	81,093	**62,523,727**
Derivative financial instruments	68,023	12,925	47	-	-	**80,995**
Financial investments						
- Available for sale	44,343,759	1,945,316	-	-	-	**46,289,075**
- Held to maturity	9,261,220	-	-	-	-	**9,261,220**
Investments in associates	159,983	-	-	-	-	**159,983**
Total financial assets	**131,626,616**	**41,423,538**	**4,293,785**	**476,624**	**243,568**	**178,064,131**
Financial liabilities						
Due to banks	303,105	1,241,688	42,426	11,651	1,899	**1,600,769**
Due to customers	113,490,778	36,285,344	4,813,066	461,909	183,319	**155,234,416**
Derivative financial instruments	96,928	48,760	47	-	-	**145,735**
Long term loans	131,328	-	-	-	-	**131,328**
Total financial liabilities	**114,022,139**	**37,575,792**	**4,855,539**	**473,560**	**185,218**	**157,112,248**
Net on-balance sheet financial position	**17,604,477**	**3,847,746**	**(561,754)**	**3,064**	**58,350**	**20,951,883**

Dec.31, 2014	EGP	USD	EUR	GBP	Other	Equivalent EGP 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**

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
2015	+5%	192,387
	-5%	(192,387)
2014	+5%	103,957
	-5%	(103,957)

	Change in EUR rate	Effect on profit before tax
		EGP '000
2015	+5%	(28,088)
	-5%	28,088
2014	+5%	(37,148)
	-5%	37,148.0

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, 2015	**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	-	-	-	-	-	9,848,954	**9,848,954**
Due from banks	16,368,055	4,150,629	130,424	-	-	353,197	**21,002,305**
Treasury bills and other governmental notes*	1,432,274	4,163,254	17,405,625	-	-	-	**23,001,153**
Trading financial assets	157,338	-	101,151	3,478,339	1,925,032	186,517	**5,848,377**
Gross loans and advances to banks	2,252	838	-	45,252	-	-	**48,342**
Gross loans and advances to customers	39,543,164	7,659,403	9,164,763	5,205,019	951,378	-	**62,523,727**
Derivatives financial instruments (including IRS notional amount)	383,992	37,006	1,120,238	6,584,035	208,712	12,924	**8,346,907**
Financial investments							
- Available for sale	896,975	318,479	3,372,459	30,444,441	10,632,983	623,738	**46,289,075**
- Held to maturity	-	-	5,228	9,018,121	237,871	-	**9,261,220**
Investments in associates	-	-	-	-	-	159,983	**159,983**
Total financial assets	**58,784,050**	**16,329,609**	**31,299,888**	**54,775,207**	**13,955,976**	**11,185,313**	**186,330,043**
Financial liabilities							
Due to banks	1,391,139	73,899	76,604	-	-	59,127	**1,600,769**
Due to customers	63,058,113	16,302,639	15,545,522	32,586,811	1,356,003	26,385,328	**155,234,416**
Derivatives financial instruments (including IRS notional amount)	3,277,069	4,786,309	13,496	286,013	-	48,760	**8,411,647**
Long term loans	46,925	3,649	46,372	34,382	-	-	**131,328**
Total financial liabilities	**67,773,246**	**21,166,496**	**15,681,994**	**32,907,206**	**1,356,003**	**26,493,215**	**165,378,160**
Total interest re-pricing gap	**(8,989,196)**	**(4,836,887)**	**15,617,894**	**21,868,001**	**12,599,973**	**(15,307,902)**	**20,951,883**

F-131

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**

F-132

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/decrease in basis points	Effect on Net Interest Income EGP '000
2015		
EGP	+ 100 bps	(201,870)
USD	+ 100 bps	33,517
EUR	+ 100 bps	149
EGP	- 100 bps	201,870
USD	- 100 bps	(33,517)
EUR	- 100 bps	(149)
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)

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.

F-134

Dec.31, 2015	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	1,450,264	73,900	76,605	-	-	1,600,769
Due to customers	21,517,799	18,636,129	42,695,183	69,919,823	2,465,482	155,234,416
Long term loans	46,925	3,649	46,372	34,382	-	131,328
Total liabilities (contractual and non contractual maturity dates)	23,014,988	18,713,678	42,818,160	69,954,205	2,465,482	156,966,513
Cash & Cash Item	1,580,752	-	-	-	-	1,580,752
Due From CBE	9,629,020	4,137,892	354,595	8,268,202	-	22,389,709
Due From Local Banks	3,263,306	-	-	-	-	3,263,306
Due From Foreign Banks	3,444,551	-	172,941	-	-	3,617,492
Available For Sale Investments	568,544	318,479	3,372,460	31,396,609	10,632,983	46,289,075
Trading Investments	309,467	-	101,152	3,512,726	1,925,032	5,848,377
Held To Maturity Investments	-	-	-	8,990,841	270,379	9,261,220
Investments in associates	-	-	-	-	159,983	159,983
Treasury Bills	1,432,273	4,163,255	17,405,625	-	-	23,001,153
Net Loans & Overdraft	8,575,837	6,041,818	10,338,037	23,762,471	8,132,231	56,850,394
Total financial assets (contractual and non contractual maturity dates)	28,803,750	14,661,444	31,744,810	75,930,849	21,120,608	172,261,461

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
Cash & Cash Item	2,109,660	-	-	-	-	2,109,660
Due From Cbe	811,216	3,497,164	30	5,381,380	-	9,689,790
Due From Commercial Banks Local	670,668	199,547	-	-	-	870,215
Due From Foreign Banks	2,876,967	388,435	847,085	-	-	4,112,487
Available For Sale Investments	711,619	1,454,688	3,532,552	17,784,503	4,205,047	27,688,410
Trading Investments	353,046	-	432,584	2,063,126	878,814	3,727,571
Held To Maturity Investments	2,765,021	-	1,149,867	4,981,263	264,595	9,160,746
Investments in associates	-	-	-	-	181,661	181,661
Treasury Bills	2,898,436	5,631,430	23,400,982	-	-	31,930,848
Revers Repos	77,775	-	-	-	-	77,775
Net Loans & Overdraft	5,505,584	4,742,767	7,669,362	16,641,235	5,726,855	40,285,804
Total financial assets (contractual and non contractual maturity dates)	18,779,992	15,914,031	37,032,462	46,851,507	11,256,973	129,834,966

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, 2015	**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	74,061	12,272	10,641	-	-	96,974
- Interest rate derivatives	-	-	-	47,094	1,667	48,761
Total	**74,061**	**12,272**	**10,641**	**47,094**	**1,667**	**145,735**

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

Letters of credit, guarantees and other commitments

	Up to 1 year	**1-5 years**	**Over 5 years**	**Total**
Dec.31, 2015	20,632,761	7,382,522	2,992,499	31,007,782
Dec.31, 2014	15,614,673	7,769,366	1,925,921	25,309,960

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, 2015	Dec.31, 2014	**Dec.31, 2015**	Dec.31, 2014
Financial assets				
Cash and balances with central bank	**9,848,954**	7,502,256	**9,848,954**	7,502,256
Due from banks	**21,002,305**	9,521,999	**21,002,305**	9,521,999
Gross loans and advances to banks	**48,342**	132,673	**48,342**	132,673
Gross loans and advances to customers				
- Individual	**11,977,712**	8,523,485	**11,292,972**	8,084,656
- Corporate	**50,546,015**	44,468,522	**49,738,382**	42,903,549
Financial investments				
Held to Maturity	**9,261,220**	9,160,746	**8,864,356**	8,887,587
Total financial assets	**102,684,548**	79,309,681	**100,795,311**	77,032,720
Financial liabilities				
Due to banks	**1,600,769**	1,131,385	**1,600,769**	1,131,385
Due to customers	**155,234,416**	121,974,959	**151,400,615**	118,141,158
Long term loans	**131,328**	242,878	**131,328**	242,878
Total financial liabilities	**156,966,513**	123,349,222	**153,132,712**	119,515,421

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 2015:

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.

Dec.31, 2015	Date of Valuation	Fair value measurement using 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-15	5,848,377	5,848,377	-
Financial investments available for sale	31-Dec-15	46,289,075	45,618,289	670,786
Investment property	31-Dec-15	-	-	-
Treasury bills and other governmental notes	31-Dec-15	22,130,170	-	22,130,170
Total		**74,267,622**	**51,466,666**	**22,800,956**
Derivative financial instruments				
Financial assets	31-Dec-15	**80,995**	-	80,995
Financial liabilities	31-Dec-15	**145,735**	-	145,735
Assets for which fair values are disclosed:				
Financial investments held to maturity	31-Dec-15	8,864,356	-	8,864,356
Loans and advances to banks	31-Dec-15	38,443	-	38,443
Loans and advances to customers	31-Dec-15	61,031,354	-	61,031,354
Total		**69,934,153**	**-**	**69,934,153**
Liabilities for which fair values are disclosed:				
Long term loans	31-Dec-15	131,328	-	131,328
Total		**131,328**	**-**	**131,328**

	Date of Valuation	Fair value measurement using 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-14	3,762,718	3,762,718	-
Financial investments available for sale	31-Dec-14	27,702,122	27,337,631	364,491
Investment property	31-Dec-14	884,094	-	884,094
Total equity attributable to equity holders of the parent	31-Dec-14	30,548,890	-	30,548,890
		62,897,824	**31,100,349**	**31,797,475**
Derivative financial instruments				
Financial assets	31-Dec-14	52,188	-	52,188
Financial liabilities	31-Dec-14	137,175	-	137,175
Assets for which fair values are disclosed:				
Financial investments held to maturity	31-Dec-14	8,887,587	-	8,887,587
Loans and advances to banks	31-Dec-14	118,091	-	118,091
Loans and advances to customers	31-Dec-14	50,988,205	-	50,988,205
Total		**59,993,883**	**-**	**59,993,883**
Liabilities for which fair values are disclosed:				
Long term loans	31-Dec-14	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 2015 & 2014 .
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 35.4.1.
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

For capital management purposes, the Bank's capital includes total equity as reported in the balance sheet plus some other elements that are managed as capital. The Bank manages its capital to ensure that the following objectives are achieved:
- Compliance with the legally imposed capital requirements in Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base to enhance growth of the Bank's operations.

Capital adequacy and the use of regulatory capital are monitored on a daily basis by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the banking supervision unit in the Central Bank of Egypt.
The required data is submitted to the Central Bank of Egypt on a quarterly basis.

Central Bank of Egypt requires the following:
- Maintaining EGP 500 million as a minimum requirement for the issued and paid-in capital.
- Maintaining a minimum level of capital adequacy ratio of 10%, calculated as the ratio between total value of the capital elements, and the risk-weighted assets and contingent liabilities of the Bank.

Tier one:
Tier one, comprised of paid-in capital (after deducting the book value of treasury shares), retained earnings and reserves resulting from the distribution of profits except the banking risk reserve and deducting previously recognized goodwill and any retained losses

Tier two:
Represents the gone concern capital which comprised of general risk provision according to the impairment provision guidelines issued by the Central Bank of Egypt for to the maximum of 1.25% risk weighted assets and contingent liabilities ,subordinated loans with more than five years to maturity (amortizing 20% of its carrying amount in each year of the remaining five years to maturity) and 45% of the increase in fair value than book value for available for sale , held to maturity , subsidiaries and associates investments.
When calculating the numerator of capital adequacy ratio, the rules set limits of total tier 2 to no more than tier 1 capital and also limits the subordinated to no more than 50% of tier1.
Assets risk weight scale ranging from zero to 100% based on the counterparty risk to reflect the related credit risk scheme, taking into considration the cash collatrals. Similar criteria are used for off balance sheet items after adjusting it to reflect the nature of contingency and the potential loss of those amounts. The Bank has complied with all local capital adequacy requirements for the current year.

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

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands Restated**
Tier 1 capital		
Share capital (net of the treasury shares)	11,470,603	9,081,734
Goodwill	(209,842)	-
Reserves	2,446,048	4,740,169
Retained Earnings (Losses)	(64,566)	(61,234)
Total deductions from tier 1 capital common equity	(2,440,566)	(625,080)
Intangible assets	11,201,677	13,135,589
Total qualifying tier 1 capital		
Tier 2 capital		
45% of special reserve	49	49
45% of the Increase in fair value than the book value for available for sale and held to maturity investments	13,960	15,763
Impairment provision for loans and regular contingent liabilities	997,201	879,836
Total qualifying tier 2 capital	1,011,210	895,648
Total capital 1+2	12,212,887	14,031,237
Total capital 1+2		
Risk weighted assets and contingent liabilities		
Total credit risk	79,632,761	70,426,788
Total market risk	4,030,778	3,179,692
Total operational risk	12,354,714	10,064,534
Total	96,018,253	83,671,014
***Capital adequacy ratio (%)**	12.72%	16.77%

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

***After 2014 profit distribution.*

After the approval of appropriation account for the year 2015, The capital adequacy ratio will reach 16.23%

2-Leverage ratio	Dec.31, 2015 EGP Thousands
Total qualifying tier 1 capital	11,201,677
On-balance sheet items & derivatives	182,420,706
Off-balance sheet items	23,484,346
Total exposures	205,905,052
Percentage	5.44%

**Based on consolidated financial statement figures and in accordance with Centeral Bank of Egypt regulation issued on 14 July 2015.*

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, 2015					
External revenue					
Net interest income	5,458,509	47,955	(29,985)	2,637,802	8,114,281
Net fee and commission income	942,866	35,393	39	654,060	1,632,358
Net trading income	640,489	1,292	-	68,617	710,398
Total segment revenue	7,041,864	84,640	(29,946)	3,360,479	10,457,037
Reportable segment profit before tax	3,855,887	599,175	284,449	1,311,869	6,051,380
Reportable segment assets	165,913,970	1,124,475	632,464	11,864,786	179,535,695
Reportable segment liabilities	56,355,554	271,977	247	106,831,653	163,459,431
Letters of guarantee	16,123,487	162,115	13,321,358	33,769	29,640,729
Letters of credit	571,144	15,500	268,654	6,981	862,279
Customers acceptances	500,687	-	-	4,087	504,774
Total contingent liabilities and commitments	17,195,318	177,615	13,590,012	44,837	31,007,782

	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
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	44,630,095	215,389	196	84,604,030	129,449,710
Letters of guarantee	12,654,024	127,231	10,454,859	26,503	23,262,617
Letters of credit	854,343	23,185	401,864	10,442	1,289,834
Customers acceptances	752,576	-	-	4,933	757,509
Total contingent liabilities and commitments	14,260,943	150,416	10,856,722	41,878	25,309,960

36.2 . By geographical segment

EGP Thousands

	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Dec.31, 2015				
Revenue according to geographical segment	**9,441,901**	**1,167,385**	**443,508**	**11,052,794**
Expenses according to geographical segment	**(4,379,251)**	**(420,704)**	**(201,459)**	**(5,001,414)**
Profit before tax	**5,062,650**	**746,681**	**242,049**	**6,051,380**
Tax	**(1,545,865)**	**(209,814)**	**(68,014)**	**(1,823,693)**
Profit for the year	**3,516,785**	**536,867**	**174,035**	**4,227,687**
Total assets	**162,048,822**	**13,712,913**	**3,773,960**	**179,535,695**

Dec.31, 2014	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	7,052,514	1,027,532	261,731	8,341,777
Expenses according to geographical segment	(2,651,972)	(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

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:

	Investments value	Paid	Remaining
Available for sale financial investments	EGP Thousands	EGP Thousands	EGP Thousands
Dec.31, 2015	**77,301**	**61,841**	**15,460**
Dec.31, 2014	88,658	61,666	26,991

37.2.2 . Fixed assets and branches constructions

The value of commitments for the purchase of fixed assets contracts and branches constructions that have not been implemented till the date of financial statement amount to :

	Dec.31, 2015	Dec.31, 2014
	EGP Thousands	EGP Thousands
	50,013	21,801

37.3 . Letters of credit, guarantees and other commitments

	Dec.31, 2015	Dec.31, 2014
	EGP Thousands	EGP Thousands
Letters of guarantee	**29,640,729**	23,262,617
Letters of credit (import and export)	**862,279**	1,289,834
Customers acceptances	**504,774**	757,509
Total	**31,007,782**	25,309,960

	Dec.31, 2015	Dec.31, 2014
	EGP Thousands	EGP Thousands
Loans commitments (Customers limit authorized not utilized)	**24,237,408**	18,061,344

38 . Related party disclosures

38.1 · Transactions with key management personnel of the Bank

The aggregate average monthly remuneration paid by the bank to its top 20 key management personnel amounted to EGP 6,587,982 for the fiscal year ended December 31, 2015. Thus, the average monthly pay per person of the key management amounted to EGP 329,399.
Regarding Employee share ownership plan for the top 20 key management personnel, the average number of shares in 2015 amounted to 75,794 shares.
In accordance to the equity settled share based payment program approved by the extraordinary general assembly meeting of the bank in April 2011 with the same conditions previously approved by the extraordinary general assembly meeting of the bank in June 2006, these shares are vested after 3 years (in 2015) and should not be exercised until the beneficiaries pay its full par value of EGP 10 per share

	Dec.31, 2015		Dec.31, 2014	
	Outstanding balance	Income (expense)	Outstanding balance	Income
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Loans and advances	784,014	107,869	38	2,313
Deposits	286,691	(92,388)	29,652	(1,785)

38.2 Transactions with associates

	Dec.31, 2015			
	Interest from	Interest to	Amounts owed by	Amounts owed to
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
International Co. for Security & Services	439	83,668	12,157	1,638
Corplease Co.	30,933	343	3,812	115,932
Haykala for Investment	660	281	-	73
Egypt Factors	12,947	135	117,697	25,376

	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

Corporate income tax

The Bank's corporate income tax position has been examined, paid and settled with the tax authority since the operations start up until the end of year 2012.

Corporate income tax annual report is submitted.

Salary tax

The Bank's salary tax has been examined, paid and settled since the operations start up until the end of 2012.

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

Stamp duty tax

The Bank stamp duty tax has been examined and paid since the operations start up until 31/7/2006. Any disputes are currently under discussion at the tax appeal committee and the court for adjudication.

The Bank's stamp duty tax is being re-examined for the period from 1/8/2006 till 30/9/2015 according to the protocol between the Federation of Egyptian banks and the tax authority.

40 . Non current assets held for sale

Assets

- CI Capital Holding

The Non current assets held for sale represent CI Capital Holding CIB's investment banking arm,a subsidiary owned by CIB with a 99.98% owner ship % .
CIB recevied Orascom Telecom Media and Technology Holding (OTMT) non-binding offer to acquire 100% of CI Capital Holding ("CI Capital"),
CIB Board of Directors initially agreed to carry out acts of the due diligence examination for CI Capital Holding .
The due diligence examination is not yet received .

	Dec.31, 2015
	EGP Thousands
Due from banks	246,791
Treasury bills and other governmental notes	2,085
Trading financial assets	33,655
Brokerage clients - debit balances	657,560
Financial investments available for sale	16,123
Reconciliation accounts- debit balances	978
Other assets	86,525
Deferred tax assets	3,234
Property, plant and equipment	19,319
Total	1,066,270

Liabilities

	Dec.31, 2015
	EGP Thousands
Brokerage clients - credit balances	223,840
Other liabilities	124,628
Current tax liabilities	13,653
Other provisions	9,501
Total	371,622
Minority interest	4,066
	375,688
Net	690,582

Profit from discontinuing operations

	Dec.31, 2015	Dec.31, 2014
	EGP Thousands	EGP Thousands
Interest and similar income	7,692	15,162
Interest and similar expense	(59,443)	(35,827)
Fee and commission income	301,859	261,111
Fee and commission expense	(1,393)	(2,026)
Dividend income	2,555	4,768
Net trading income	(6,627)	1,473
Administrative expenses	(181,634)	(176,935)
Other operating (expenses) income	8,152	21,331
Net Profit Before Tax	71,161	89,057
Income tax expense	(13,653)	(16,664)
Deferred tax	3,607	(175)
Net profit of the year	61,115	72,218

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Net cash flows from discontining operation:		
Net cash provided from operating activities	**105,698**	(203,632)
Net cash used in investing activities	**(10,638)**	21,355
Net cash used in financing activities	**(224,840)**	489,487
Net increase (decrease) in cash and cash equivalent during the year	**(129,780)**	307,210
Beginning balance of cash and cash equivalent	**512,077**	204,866
Cash and cash equivalent at the end of the year	**382,297**	512,076

	Dec.31, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Earning per share from discontinuing operations:		
Basic earning per share	**0.06**	0.06
Diluted earning per share	**0.06**	0.06

41 . Goodwill and Intangible assets:

Commercial International Bank of Egypt has acquired Citibank Egypt’s Retail Banking and Credit Cards businesses in Egypt on 29 October 2015. The transfer process concerns Citibank's retail banking and cards businesses including employees,branches and its ATM network.

	Dec.31, 2015 EGP Thousands
Loans and advances to customers	**1,078,684**
Due to customers	**1,380,765**

The acquisition resulted in a goodwill and intangible assets including customers relationships , which is the outcome from the difference between the purchase price and the fair value of Citibank’s portfolio.
Excess Earnings Method has been used to estimate the value of customer relationships. According to this method, the value of this intangible asset is represented in the present value of the earnings attributable to the subject intangible asset after providing for the proportion of earnings that attribute to returns for contributory assets.
The estimated the value of customer relationships was based on the expected profit to be earned from interest, fees, and charges.
No impairment indicators exist as of the statement of financial position.

A summary of the policies applied to the group’s intangible assets is as follows:

	Goodwill	**Customer Relations**
Useful lives	Indefinite	Indefinite
Amortisation method used	No amortisation	No amortisation
Internally generated or acquired	Acquired	Acquired

Due to the nature of acquired Citibank Egypt’s Retail Banking and Credit Cards businesses goodwill and intangible assets couldn't be allocated to cash generating unit.

41.1 Goodwill:

	Dec.31, 2015 EGP Thousands
Fair value at acquisition at 1 November 2015	**217,078**
Impairment	**-**
Net book value	**217,078**

41.2 Intangible assets:

	Dec.31, 2015 EGP Thousands
Fair value at acquisition at 1 November 2015	**651,041**
Impairment	**-**
Net book value	**651,041**

A BANK TO TRUST

CIB

IFRS Consolidated
Financial Statement

December
2014
www.cibeg.com

Building a better working world

Allied for Accounting & Auditing
Ragheb, Hamouda, Istanbouli, Tageldeen & El-Kilany
P.O. Box 20 Kattameya
Rama Tower
Ring Road, Zone #10A
Kattameya, Cairo, Egypt

Tel: +202 2726 0260
Fax: +202 2726 0100
Cairo.office@eg.ey.com
ey.com/mena

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.

Building a better
working world

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:

		Balance at 31 December 2014			
	Net balance at 1 January	Recognised in profit or loss	Net	Deferred tax assets	Deferred tax liabilities
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)

		Balance at 31 December 2013			
	Net balance at 1 January	Recognised in profit or loss	Net	Deferred tax assets	Deferred tax liabilities
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 EGP Thousands	Dec.31, 2013 EGP Thousands
91 Days maturity	8,539,354	6,534,713
182 Days maturity	8,293,655	7,197,086
364 Days maturity	15,107,327	11,010,950
Unearned interest	(1,469,221)	(1,077,320)
Total 1	30,471,115	23,665,429
Reverse repos treasury bonds	77,775	-
Total 2	77,775	-
Net	30,548,890	23,665,429

16 Financial assets held for trading

	Dec.31, 2014 EGP Thousands	Dec.31, 2013 EGP Thousands
Debt instruments		
- Governmental bonds	3,335,297	2,047,967
- Other debt instruments	35,147	48,871
Total	3,370,444	2,096,838
Equity instruments		
- 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 EGP Thousands	Dec.31, 2013 EGP Thousands
Time and term loans	132,673	153,833
Less:Impairment provision	(14,582)	(21,411)
Total	118,091	132,422
Current balances	93,035	102,219
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 EGP Thousands	Dec.31, 2013 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						
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:						
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 EGP Thousands	Dec.31, 2013 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 EGP Thousands	Dec.31, 2013 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 EGP Thousands	Dec.31, 2013 EGP Thousands
The Dividends distributed to the bank from associates	1,012	5,694

24 Investment properties *

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

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

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 **No. of shares in Thousands**	Dec.31, 2013 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	Exercise price (EGP)	Fair value * (EGP)	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 **EGP**	Dec.31, 2013 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	December 31, 2013
	Investment securities Available for sale	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 EGP Thousands	Dec. 31, 2013 EGP Thousands
In balance sheet items exposed to credit risk		
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		Dec.31, 2013	
	EGP Thousands		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			Dec.31, 2013		
			Market risk measure			Market risk measure	
		Carrying amount	Trading portfolios	Non-trading portfolios	**Carrying amount**	Trading portfolios	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**			Dec.31, 2013		
	Medium	**High**	**Low**	Medium	High	Low
Foreign exchange risk	**42**	**351**	**3**	90	540	3
Interest rate risk	**81,711**	**125,871**	**63,594**	75,596	101,790	55,515
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**

F-197

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**

F-209

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**

F-201

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

Dec.31, 2014	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	7,052,514	1,027,532	261,731	8,341,777
Expenses according to geographical segment	(2,651,972)	(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)

A BANK TO TRUST

REGISTERED OFFICE OF THE BANK

Commercial International Bank (Egypt) S.A.E.
Nile Tower Building
21/23 Charles de Gaulle Street - Giza
P.O. Box 2430
Cairo
Egypt

LEGAL ADVISORS OF THE BANK

As to English law:
Dechert LLP
160 Queen Victoria Street
London EC4V 4QQ
United Kingdom

As to Egyptian law:
TMZ Law Firm
Capital Business Park
Building B2 – Third Floor
Sheik Zayed/Giza
Egypt

AUDITORS OF THE BANK

Allied for Accounting & Auditing, a member of Ernst & Young Global
Ring Road Zone
#10 A Rama Tower
El Kattamaya
Egypt

DEPOSITARY BANK

The Bank of New York Mellon
101 Barclay Street, 22nd Floor
New York, NY 10286
United States

LEGAL ADVISERS OF THE DEPOSITARY BANK

As to English law:
Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
United Kingdom