Consolidated
Financial Statements

September- 2015

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KPMG Hazem Hassan
Public Accountant & Consultants

Allied For Accountaning & Auditing E Y
Public Accountant & Consultants

Review Report

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

Introduction

We have performed a limited review of the accompanying consolidated statement of financial position of Commercial International Bank (Egypt) S.A.E as of 30 September 2015 and the related consolidated statements of income, cash flows and changes in equity for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with the Central Bank of Egypt's rules issued on 16 December 2008. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Commercial International Bank- Egypt (S.A.E) as at 30 September 2015 and of its consolidated financial performance and its consolidated cash flows for the nine months then ended in accordance with the Central Bank of Egypt's rules issued on 16 December 2008 and in the light of the prevailing Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

Auditors

Hassan Bas

Hassan Basyoni El Besha
Egyptian Financial Supervisory Authority
KPMG Hazem Hassan Public Accountants and Consultants
Register Number "98"

KPMG Hazem Hassan
Public Accountants & Consultants

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A Member of Ernst & Young Global

Emad Hafez Ragheb
Egyptian Financial Supervisory Authority
Register Number "42"

Allied For Accountaning & Auditing E Y
Public Accountants & Consultants

Cairo, 10 November 2015

Consolidated statement of financial position as at September 30, 2015

	Notes	Sep. 30, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Assets			
Cash and balances with central bank	15	9,230,657	7,502,256
Due from banks	16	15,882,704	9,521,999
Treasury bills and other governmental notes	17	28,544,522	30,548,890
Trading financial assets	18	6,401,833	3,762,718
Loans and advances to banks, net	19	44,946	118,091
Loans and advances to customers, net	20	57,210,479	48,685,630
Derivative financial instruments	21	77,773	52,188
Financial investments			
- Available for sale	22	43,333,157	27,702,122
- Held to maturity	22	9,262,579	9,160,746
Investments in associates	23	231,578	181,661
Brokerage clients - debit balances		781,059	771,611
Reconciliation accounts- debit balances		2,902	-
Investment properties	24	-	884,094
Other assets	25	4,200,648	3,814,075
Deferred tax assets	33	209,883	121,737
Property, plant and equipment	26	1,003,029	985,504
Total assets		176,417,749	143,813,322
Liabilities and equity			
Liabilities			
Due to banks	27	930,072	1,131,385
Due to customers	28	154,320,428	121,974,959
Brokerage clients - credit balances		255,145	360,145
Reconciliation accounts - credit balances		-	8,975
Derivative financial instruments	21	56,362	137,175
Current tax liabilities		1,437,339	1,814,609
Other liabilities	30	2,541,666	2,609,452
Long term loans	29	168,456	242,878
Other provisions	31	862,792	730,312
Total liabilities		160,572,260	129,009,890
Equity			
Issued and paid up capital	32	9,176,482	9,081,734
Reserves	32	2,854,740	1,908,443
Reserve for employee stock ownership plan (ESOP)		242,579	177,765
Retained losses		(59,866)	(155,160)
Total equity		12,213,935	11,012,782
Net profit for the period / year		3,583,355	3,741,456
Total equity and net profit for period / year		15,797,290	14,754,238
Minority interest		48,199	49,194
Total minority interest , equity and net profit for period /year		15,845,489	14,803,432
Total liabilities, equity, minority interest and net profit for period /year		176,417,749	143,813,322

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

Hisham Ezz El-Arab
Chairman and Managing Director

Consolidated income statement for the period ended September 30, 2015

	Notes	Last 3 Months Sep. 30, 2015 EGP Thousands	Last 9 Months Sep. 30, 2015 EGP Thousands	Last 3 Months Sep. 30, 2014 EGP Thousands	Last 9 Months Sep. 30, 2014 EGP Thousands
Interest and similar income		3,806,605	10,702,801	2,936,881	8,201,901
Interest and similar expense		(1,722,038)	(4,837,436)	(1,376,069)	(3,838,998)
Net interest income	6	2,084,567	5,865,365	1,560,812	4,362,903
Fee and commission income		509,218	1,570,457	467,340	1,377,102
Fee and commission expense		(77,720)	(200,006)	(45,291)	(127,327)
Net fee and commission income	7	431,498	1,370,451	422,049	1,249,775
Dividend income	8	20,948	36,283	2	28,495
Net trading income	9	246,592	437,225	174,653	576,675
Profit (Losses) on financial investments	22	(87)	158,337	64,487	73,876
Administrative expenses	10	(500,156)	(1,527,590)	(469,348)	(1,302,269)
Other operating (expenses) income	11	(190,086)	(336,787)	(191,223)	(487,391)
Impairment (charge) release for credit losses	12	(471,838)	(1,120,280)	(107,374)	(466,534)
Bank's share in the profits of associates		19,442	49,917	6,268	23,578
Profit before income tax		1,640,880	4,932,921	1,460,326	4,059,108
Income tax expense	13	(298,354)	(1,437,339)	(499,178)	(1,349,099)
Deferred tax assets	33 & 13	(14,708)	88,146	10,938	121
Net profit for the period		1,327,818	3,583,728	972,086	2,710,130
Minority interest		161	373	442	1,163
Bank shareholders		1,327,657	3,583,355	971,644	2,708,967
Earning per share	14				
Basic		1.27	3.39	0.92	2.53
Diluted		1.24	3.33	0.91	2.48

Hisham Ezz El-Arab
Chairman and Managing Director

Consolidated cash flow for the period ended September 30, 2015

	Sep. 30, 2015 EGP Thousands	Sep. 30, 2014 EGP Thousands
Cash flow from operating activities		
Profit before income tax	4,932,921	4,059,108
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	168,497	161,169
Impairment charge for credit losses	1,120,280	466,534
Other provisions charges	118,158	120,713
Trading financial investments revaluation differences	361,086	(35,997)
Available for sale and held to maturity investments exchange revaluation differences	(96,639)	(38,176)
Financial investments impairment charge (release)	(28,083)	1,505
Utilization of other provisions	(4,682)	(5,931)
Exchange differences of other provisions	19,004	(951)
Profits from selling property, plant and equipment	(1,127)	(689)
Profits from selling financial investments	(161,897)	(74,968)
Shares based payments	127,827	81,945
Investments in associates revaluation	(49,917)	(23,579)
Operating profits before changes in operating assets and liabilities	6,505,428	4,710,683
Net decrease (increase) in assets and liabilities		
Due from banks	(7,329,262)	(5,325,461)
Treasury bills and other governmental notes	2,335,423	(3,085,888)
Trading financial assets	(3,000,201)	(1,203,386)
Derivative financial instruments	(106,398)	28,381
Loans and advances to banks and customers	(9,571,984)	(4,702,710)
Other assets	(345,895)	(966,946)
Due to banks	(201,313)	204,357
Due to customers	32,345,469	19,021,159
Income tax obligations paid	(1,814,609)	(1,179,709)
Other liabilities	(181,761)	1,102,935
Net cash provided from operating activities	18,634,897	8,603,415
Cash flow from investing activities		
Purchase of subsidiary and associates	-	(6,167)
Purchases of property, plant and equipment	(237,923)	(195,854)
Redemption of held to maturity financial investments	3,917,715	2,473
Purchases of held to maturity financial investments	(4,019,548)	(4,794,948)
Purchases of available for sale financial investments	(21,237,674)	(6,849,950)
Proceeds from selling available for sale financial investments	4,692,659	4,970,874
Proceeds from selling real estate investments	884,094	5,640
Net cash generated from (used in) investing activities	(16,000,677)	(6,867,932)

Consolidated Cash Flow For The Period Ended September 30, 2015 (Cont.)

	Sep. 30, 2015 EGP Thousands	Sep. 30, 2014 EGP Thousands
Cash flow from financing activities		
Increase (decrease) in long term loans	**(74,422)**	98,725
Dividend paid	**(1,563,646)**	(1,253,338)
Capital increase	**94,748**	79,299
Net cash generated from (used in) financing activities	**(1,543,320)**	(1,075,314)
Net increase (decrease) in cash and cash equivalent during the period	**1,090,900**	660,169
Beginning balance of cash and cash equivalent	**15,062,901**	11,991,673
Cash and cash equivalent at the end of the period	**16,153,801**	12,651,842
Cash and cash equivalent comprise:		
Cash and balances with central bank	**9,230,657**	6,611,568
Due from banks	**15,882,704**	13,341,202
Treasury bills and other governmental notes	**28,544,522**	26,584,368
Obligatory reserve balance with CBE	**(7,032,352)**	(4,508,216)
Due from banks (time deposits) more than three months	**(10,696,968)**	(9,078,455)
Treasury bills with maturity more than three months	**(19,774,762)**	(20,298,625)
Total cash and cash equivalent	**16,153,801**	12,651,842

Consolidated statement of changes in shareholders' equity for the period ended September 30, 2014

EGP Thousands

Sep. 30, 2014	Issued and paid up capital	Legal reserve	General reserve	Retained earnings (losses)	Special reserve	Reserve For A.F.S investments revaluation diff.	Banking risks reserve	Net profit for the period	Reserve for employee stock ownership plan	Total Shareholders Equity	Minority Interest	Total
Beginning balance	9,002,435	490,365	406,090	(546,531)	27,367	(720,480)	1,991	3,108,214	190,260	11,959,711	47,414	12,007,125
Capital increase	79,299	-	-	-	-	-	-	-	-	79,299	-	79,299
Transferred to reserves	-	130,719	1,444,406	-	741	-	-	(1,463,514)	(112,352)	-	-	-
Transferred to retained earnings (losses)	-	-	-	391,362	-	-	-	(391,362)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	(1,253,338)	-	(1,253,338)	-	(1,253,338)
Net profit of the period	-	-	-	-	-	-	-	2,708,967	-	2,708,967	1,163	2,710,130
Change in owner ship percentage	-	-	-	9	-	-	-	-	-	9	(9)	-
Net unrealised gain/(loss) on AFS	-	-	-	-	-	191,764	-	-	-	191,764	-	191,764
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	81,945	81,945	-	81,945
Balance at the end of the period	9,081,734	621,084	1,850,496	(155,160)	28,108	(528,716)	1,991	2,708,967	159,853	13,768,357	48,568	13,816,925

Consolidated statement of changes in shareholders' equity for the period ended September 30, 2015

EGP Thousands

Sep. 30, 2015	Issued and paid up capital	Legal reserve	General reserve	Retained earnings (losses)	Special reserve	Reserve For A.F.S investments revaluation diff.	Banking risks reserve	Net profit for the period	Reserve for employee stock ownership plan	Total Shareholders Equity	Minority Interest	Total
Beginning balance	9,081,734	621,084	1,850,496	(155,160)	28,108	(593,237)	1,991	3,741,456	177,765	14,754,237	49,194	14,803,431
Transferred (from) to bank risk reserve	-	-	-	-	-	-	522	(522)	-	-	-	-
Capital increase	94,748	-	-	-	-	-	-	-	-	94,748	-	94,748
Transferred to reserves	-	182,271	1,961,998	-	2,106	-	-	(2,083,362)	(63,013)	-	-	-
Transferred to retained losses	-	-	-	93,926	-	-	-	(93,926)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	(1,563,646)	-	(1,563,646)	-	(1,563,646)
Net profit of the period	-	-	-	-	-	-	-	3,583,355	-	3,583,355	373	3,583,728
Change in owner ship percentage	-	-	-	1,368	-	-	-	-	-	1,368	(1,368)	-
Net unrealised gain/(loss) on AFS	-	-	-	-	-	(1,200,599)	-	-	-	(1,200,599)	-	(1,200,599)
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	127,827	127,827	-	127,827
Balance at the end of the period	9,176,482	803,355	3,812,494	(59,866)	30,214	(1,793,836)	2,513	3,583,355	242,579	15,797,290	48,199	15,845,489

Notes to the consolidated financial statements for the period ended September 30, 2015

1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 144 branches, and 26 units employing 5632 employees on the statement of financial position date.

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

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

As of September 30, 2015 the Bank directly owns 54,988,500 shares representing 99.98% of CI Capital Holding Company's capital and on September *30*, 2015 CI Capital Holding Co. Directly owns the following shares in its subsidiaries:

Company name	No. of shares	Ownership%	Indirect Share%
CIBC Co.	1,979,290	98.96	98.94
CI Assets Management	478,577	95.72	95.70
CI Investment Banking Co.	3,981,578	99.54	99.52
Dynamic Brokerage Co.	3,393,500	99.96	99.95

2. Summary of accounting policies

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

2.1. Basis of preparation

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

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

2.1.1. Basis of consolidation

The method of full consolidation is the basis of the preparation of the consolidated financial statement of the Bank, given that the Bank's acquisition proportion is 99.98 % (full control) in CI Capital Holding.

Consolidated financial statements consist of the financial statements of Commercial International Bank and consolidated financial statements of CI Capital Holding and its subsidiaries. Control is achieved through the Bank's ability to control the financial and operational policies of the companies that the Bank invests in it in order to obtain benefits from its activities. The basis of the consolidation is as follows:

- Eliminating all balances and transactions between the Bank and group companies.
- The cost of acquisition of subsidiary companies is based on the company's share in the fair value of assets acquired and obligations outstanding on the acquisition date.
- Minority shareholders represent the rights of others in subsidiary companies.
- Proportional consolidation is used in consolidating method for companies under joint control.

2.2. Subsidiaries and associates

2.2.1. Subsidiaries

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

2.2.2. Associates

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

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

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

2.3. Segment reporting

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

2.4. Foreign currency translation

2.4.1. Functional and presentation currency

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

2.4.2. Transactions and balances in foreign currencies

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

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

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

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

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

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

2.5. Financial assets

The Bank classifies its financial assets in the following categories:

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

Management determines the classification of its investments at initial recognition.

2.5.1. Financial assets at fair value through profit or loss

This category has two sub-categories:

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

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

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

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

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

2.5.2. Loans and advances

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

- Those that the Bank intends to sell immediately or in the short term, which is classified as held for trading, or those that the Bank upon initial recognition designates as at fair value through profit or loss.
- Those that the Bank upon initial recognition designates as available for sale; or
- Those for which the holder may not recover substantially all of its initial investment, other than credit deterioration.

2.5.3. Held to maturity financial investments

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

2.5.4. Available for sale financial investments

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

The following are applied in respect to all financial assets:

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

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

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

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

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

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

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

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

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

2.6. Offsetting financial instruments

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

2.7. Derivative financial instruments and hedge accounting

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

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

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

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

At the inception of the hedging relationship, the Bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore,

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

2.7.1. Fair value hedge

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

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

2.7.2. Derivatives that do not qualify for hedge accounting

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

2.8. Interest income and expense

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

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

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

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

2.9. Fee and commission income

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

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

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

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

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

Operating revenues in the holding company are:

- Commission income is resulting from purchasing and selling securities to a customer account upon receiving the transaction confirmation from the Stock Exchange.
- Mutual funds and investment portfolios management which is calculated as a percentage of the net value of assets under management according to the terms and conditions of agreement. These amounts are credited to the assets management company's revenue pool on a monthly accrual basis.

2.10. Dividend income

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

2.11. Sale and repurchase agreements

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

2.12. Impairment of financial assets

2.12.1.Financial assets carried at amortised cost

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

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

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

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

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

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant and in this field the following are considered:

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

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

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

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

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

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

2.12.2. Available for sale investments

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets classify under available for sale is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. During periods start from first of January 2009, the decrease consider significant when it became 10% from the book value of the financial instrument and the decrease consider to be extended if it continues for period more than 9 months, and if the mentioned evidences become available then any cumulative gains or losses previously recognized in equity are recognized in the income statement , in respect of available for sale equity securities, impairment losses previously recognized in profit or loss are not reversed through the income statement.

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

2.13. Real estate investments

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

2.14. Property, plant and equipment

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

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

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

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

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

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

2.15. Impairment of non-financial assets

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

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

2.15.1.Goodwill

Goodwill is capitalized and represents the excess of acquisition cost over the fair value of the Bank's share in the acquired entity's net identifiable assets on the date of acquisition. For the purpose of calculating goodwill, the fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows. Goodwill is included in the cost of investments in associates and subsidiaries in the Bank's separate financial statements. Goodwill is tested for impairment, impairment loss is charged to the income statement.

Goodwill is allocated to the cash generating units for the purpose of impairment testing. The cash generating units represented in the Bank main segments.

2.15.2.Other intangible assets

Is the intangible assets other than goodwill and computer programs (trademarks, licenses, contracts for benefits, the benefits of contracting with clients).

Other intangible assets that are acquired by the Bank are recognized at cost less accumulated amortization and impairment losses. Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible asset with definite life. Intangible assets with indefinite life are not amortized and tested for impairment.

2.16. Leases

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

2.16.1.Being lessee

Finance lease contract recognizes the lease cost, including the cost of maintenance of the leased assets in the income statement for the period in which they occurred. If the Bank decides to exercise the right to purchase the leased asset the leased assets are capitalized and included in 'property, plant and equipment' and depreciated over the useful life of the expected remaining life of the asset in the same manner as similar assets.

Operating lease payments leases are accounted for on a straight-line basis over the periods of the leases and are included in 'general and administrative expenses'.

2.16.2.Being lessor

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

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

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

2.17. Cash and cash equivalents

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

2.18. Other provisions

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

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

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

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

2.19. Share based payments

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

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

2.20. Income tax

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

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

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

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

2.21. Borrowings

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

2.22. Dividends

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

2.23. Comparatives

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

3. Financial risk management

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

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

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

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

3.1. Credit risk

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

3.1.1. Credit risk measurement

3.1.1.1. Loans and advances to banks and customers

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

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

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

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

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

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

3.1.1.2. Debt instruments and treasury and other bills

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

3.1.2. Risk limit control and mitigation policies

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

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

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

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below:

3.1.2.1. Collateral

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

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

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

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

3.1.2.2. Derivatives

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

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

3.1.2.3. Master netting arrangements

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

3.1.2.4. Credit related commitments

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

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

3.1.3. Impairment and provisioning policies

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

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

	September 30, 2015		December 31, 2014	
Bank's rating	**Loans and advances (%)**	**Impairment provision (%)**	Loans and advances (%)	Impairment provision (%)
1-Performing loans	**83.77**	**29.79**	86.55	33.91
2-Regular watching	**8.25**	**10.01**	6.77	11.24
3-Watch list	**3.53**	**16.61**	1.97	5.53
4-Non-Performing Loans	**4.45**	**43.59**	4.71	49.32

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

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

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

3.1.4. Pattern of measuring the general banking risk

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

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

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

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

3.1.5. Maximum exposure to credit risk before collateral held

	Sep. 30, 2015	Dec. 31, 2014
In balance sheet items exposed to credit risk	**EGP Thousands**	EGP Thousands
Treasury bills and other governmental notes	**28,544,522**	30,471,115
Trading financial assets:		
- Debt instruments	**6,014,115**	3,335,297
Gross loans and advances to banks	**55,152**	132,673
Less:Impairment provision	**(10,206)**	(14,582)
Gross loans and advances to customers		
Individual:		
- Overdraft	**1,493,659**	1,438,217
- Credit cards	**1,258,700**	1,010,014
- Personal loans	**7,458,983**	5,729,054
- Mortgages	**307,358**	325,266
- Other loans	**20,888**	20,934
Corporate:		
- Overdraft	**9,828,022**	6,598,541
- Direct loans	**27,972,521**	25,008,383
- Syndicated loans	**14,069,154**	12,645,169
- Other loans	**122,914**	216,429
Unamortized bills discount	**(4,426)**	(5,568)
Impairment provision	**(4,320,456)**	(3,441,757)
Unearned interest	**(996,838)**	(859,052)
Derivative financial instruments	**77,773**	52,188
Financial investments:		
-Debt instruments	**51,769,150**	36,383,095
-Investments in associates	**231,578**	181,661
Total	**143,892,563**	119,227,077
Off balance sheet items exposed to credit risk		
Financial guarantees	**2,587,704**	2,453,307
Customers acceptances	**440,297**	757,509
Letter of credit	**1,647,306**	1,289,834
Letter of guarantee	**28,582,037**	23,262,617
Total	**33,257,344**	27,763,267

The above table represents the Bank Maximum exposure to credit risk on September 30, 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 39.79% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represents 40.16%.

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

- 92.02% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- 95.59% of loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed individualy are valued EGP 2,785,155
- The Bank has implemented more prudent processes when granting loans and advances during the financial period ended on September 30, 2015.
- 97.53% of the investments in debt Instruments are Egyptian sovereign instruments.

3.1.6. Loans and advances

Loans and advances are summarized as follows:

	Sep.30, 2015 EGP Thousands Loans and advances to customers	Sep.30, 2015 EGP Thousands Loans and advances to banks	Dec.31, 2014 EGP Thousands Loans and advances to customers	Dec.31, 2014 EGP Thousands Loans and advances to banks
Neither past due nor impaired	56,266,653	34,377	48,117,365	107,617
Past due but not impaired	3,501,166	-	2,397,998	-
Individually impaired	2,764,380	20,775	2,476,644	25,056
Gross	62,532,199	55,152	52,992,007	132,673
Less:				
Impairment provision	4,320,456	10,206	3,441,757	14,582
Unamortized bills discount	4,426	-	5,568	-
Unearned interest	996,838	-	859,052	-
Net	57,210,479	44,946	48,685,630	118,091

Impairment provision losses for loans and advances reached EGP 4,330,662 thousand.
During the year the Bank's total loans and advances increased by 17.81% .
In order to minimize the propable exposure to credit risk, the Bank focuses more on the business with large enterprises,banks or retail customers with good credit rating or sufficient collateral.

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

Sep. 30, 2015	**Individual**				**Corporate**					**EGP Thousands**
Grades:	**Overdrafts**	**Credit cards**	**Personal loans**	**Mortgages**	**Overdraft**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total loans and advances to customers**	**Total loans and advances to banks**
Performing loans	1,373,842	1,208,915	7,030,297	293,171	8,565,091	21,461,491	11,054,527	120,841	51,108,175	33,559
Regular watching	64,638	23,395	174,180	-	145,472	2,597,665	1,721,439	-	4,726,789	428
Watch list	22,927	8,198	64,436	-	292,470	1,075,658	26,701	-	1,490,390	-
Non-performing loans	19,055	6,256	75,873	3,753	215,656	453,406	112,390	-	886,389	10,959
Total	1,480,462	1,246,764	7,344,786	296,924	9,218,689	25,588,220	12,915,057	120,841	58,211,743	44,946

Dec. 31, 2014	Individual				Corporate					EGP Thousands
Grades:	Overdrafts	Credit cards	Personal loans	Mortgages	Overdraft	Direct loans	Syndicated loans	Other loans	Total loans and advances to customers	Total loans and advances to banks
Performing loans	1,381,095	977,165	5,488,286	315,362	5,573,611	19,699,277	11,070,532	194,013	44,699,341	106,761
Regular watching	30,404	17,128	77,868	-	313,197	2,272,382	479,924	17,566	3,208,469	-
Watch list	5,062	5,307	31,441	-	47,847	390,506	376,653	-	856,816	-
Non-performing loans	11,106	2,980	50,306	1,482	172,123	473,792	73,835	-	785,624	11,330
Total	1,427,667	1,002,580	5,647,901	316,844	6,106,778	22,835,957	12,000,944	211,579	49,550,250	118,091

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.

Sep.30, 2015	**Individual**					**Corporate**			
	Overdrafts	**Credit cards**	**Personal loans**	**Mortgages**	**Total**	**Overdraft**	**Direct loans**	**Syndicated loans**	**Total**
Past due up to 30 days	**374,925**	**207,521**	**17,819**	**719**	**600,984**	**1,085,399**	**963,481**	**-**	**2,048,880**
Past due 30 - 60 days	**64,819**	**24,587**	**9,857**	**46**	**99,309**	**18,343**	**67,608**	**-**	**85,951**
Past due 60-90 days	**23,002**	**9,719**	**6,323**	**5**	**39,049**	**275,957**	**336,560**	**14,476**	**626,993**
Total	**462,746**	**241,827**	**33,999**	**770**	**739,342**	**1,379,699**	**1,367,649**	**14,476**	**2,761,824**

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

Individually impaired loans

Loans and advances individually assessed without taking into consideration cash flows from guarantees are totaled EGP 2,785,155 thousand.

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

	Individual					**Corporate**			
Sep.30, 2015	**Overdrafts**	**Credit cards**	**Personal loans**	**Mortgages**	**Other loans**	**Overdraft**	**Direct loans**	**Syndicated loans**	**Total**
Individually impaired loans	**25,564**	**12,296**	**152,178**	**11,101**	**20,888**	**553,483**	**1,227,310**	**782,335**	**2,785,155**

	Individual					Corporate			
Dec.31, 2014	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated 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

Loans and advances restructured

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

	Sep.30, 2015	Dec.31, 2014
Loans and advances to		
Corporate		
- Direct loans	**3,208,250**	3,243,393
Total	**3,208,250**	3,243,393

3.1.7. Debt instruments, treasury bills and other governmental notes

The table below presents an analysis of debt instruments, treasury bills and other governmental notes by rating agency designation at end of financial period, based on Standard & Poor's ratings or their equivalent:

EGP Thousands

Sep.30, 2015	Treasury bills and other gov. notes	Trading financial debt instruments	Non-trading financial debt instruments	Total
AAA	-	-	192,466	**192,466**
AA- to AA+	-	-	261,720	**261,720**
A- to A+	-	-	795,597	**795,597**
Lower than A-	-	-	1,160,198	**1,160,198**
Unrated	28,544,522	6,014,115	49,359,169	**83,917,806**
Total	**28,544,522**	**6,014,115**	**51,769,150**	**86,327,787**

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

3.1.8.1. Geographical sectors

Following is a breakdown of the Bank's main credit exposure at their book values categorized by geographical region at the end of the current year.
The Bank has allocated exposures to regions based on the country of domicile of its counterparties.

Sep.30, 2015	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Treasury bills and other governmental notes	28,544,522	-	-	**28,544,522**
Trading financial assets:				
- Debt instruments	6,014,115	-	-	**6,014,115**
Gross loans and advances to banks	55,152	-	-	**55,152**
Less:Impairment provision	(10,206)	-	-	**(10,206)**
Gross loans and advances to customers				
Individual:				
- Overdrafts	887,831	432,771	173,057	**1,493,659**
- Credit cards	956,717	252,469	49,514	**1,258,700**
- Personal loans	4,620,632	2,206,702	631,649	**7,458,983**
- Mortgages	255,858	44,977	6,523	**307,358**
- Other loans	-	20,888	-	**20,888**
Corporate:				
- Overdrafts	8,298,771	1,421,740	107,511	**9,828,022**
- Direct loans	20,723,731	6,797,477	451,313	**27,972,521**
- Syndicated loans	12,225,033	1,844,121	-	**14,069,154**
- Other loans	98,914	24,000	-	**122,914**
Unamortized bills discount	(4,426)	-	-	**(4,426)**
Impairment provision	(4,320,456)	-	-	**(4,320,456)**
Unearned interest	(795,853)	(189,496)	(11,489)	**(996,838)**
Derivative financial instruments	77,773	-	-	**77,773**
Financial investments:				
-Debt instruments	51,769,150	-	-	**51,769,150**
-Investments in associates	231,578	-	-	**231,578**
Total	**129,628,836**	**12,855,649**	**1,408,078**	**143,892,563**

3.1.8.2. Industry sectors

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

EGP Thousands

Sep.30, 2015	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Treasury bills and other governmental notes	-	-	-	-	28,544,522	-	-	**28,544,522**
Trading financial assets:								
- Debt instruments	-	-	-	-	6,014,115	-	-	**6,014,115**
Gross loans and advances to banks	55,152	-	-	-	-	-	-	**55,152**
Less:Impairment provision	(10,206)	-	-	-	-	-	-	**(10,206)**
Gross loans and advances to customers								
Individual:								
- Overdrafts	-	-	-	-	-	-	1,493,659	**1,493,659**
- Credit cards	-	-	-	-	-	-	1,258,700	**1,258,700**
- Personal loans	-	-	-	-	-	-	7,458,983	**7,458,983**
- Mortgages	-	-	-	-	-	-	307,358	**307,358**
- Other loans	-	-	-	-	-	-	20,888	**20,888**
Corporate:								
- Overdrafts	40,232	3,665,807	782,157	814,852	976,113	3,548,861	-	**9,828,022**
- Direct loans	1,052,868	13,499,468	463,289	482,707	2,622,068	9,852,121	-	**27,972,521**
- Syndicated loans	-	6,860,959	489,557	-	5,572,858	1,145,780	-	**14,069,154**
- Other loans	13,125	89,689	-	11,110	-	8,990	-	**122,914**
Unamortized bills discount	(4,426)	-	-	-	-	-	-	**(4,426)**
Impairment provision	(31,225)	(2,176,523)	(13,139)	(20,717)	(22,757)	(1,885,443)	(170,652)	**(4,320,456)**
Unearned interest	(7,033)	(551,881)	-	(861)	-	(418,713)	(18,350)	**(996,838)**
Derivative financial instruments	77,773	-	-	-	-	-	-	**77,773**
Financial investments:								
-Debt instruments	1,249,783	-	-	-	50,519,367	-	-	**51,769,150**
- Investments in subsidiary and associates	231,578	-	-	-	-	-	-	**231,578**
Total	**2,667,621**	**21,387,519**	**1,721,864**	**1,287,091**	**94,226,286**	**12,251,596**	**10,350,586**	**143,892,563**

3.2. Market risk

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

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

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

3.2.1. Market risk measurement techniques

As part of the management of market risk, the Bank undertakes various hedging strategies. the Bank also enters into interest rate swaps to match the interest rate risk associated with the fixed-rate long-term debt instrument and loans to which the fair value option has been applied .

3.2.1.1. Value at Risk

The Bank applies a "Value at Risk" methodology (VaR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected under normal market conditions, based upon a number of assumptions for various changes in market conditions.

VaR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Bank might lose , but only to a certain level of confidence (95%). There is therefore a specified statistical probability (5%) that actual loss could be greater than the VaR estimate. The VaR model assumes a certain 'holding period' until positions can be closed (1 Day). The Bank is assessing the historical movements in the market prices based on volatilities and correlations data for the past five years. The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

As VaR constitutes an integral part of the Bank's market risk control regime, the Market Risk Management set Soft VaR Limits, trading book, which have been approved by the board, and are monitored and reported on a daily basis to the Senior Management. In addition, monthly limits compliance is reported to the ALCO.

The Bank has developed the internal model to calculate VaR and is not yet approved by the Central Bank as the regulator is currently applying and requiring banks to calculate the Market Risk Capital Requirements according to Basel II Standardized Approach.

3.2.1.2. Stress tests

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. Therefore, bank computes on a daily basis trading Stress VaR, combined with trading Normal VaR to capture the abnormal movements in financial markets and to give more comprehensive picture of risk. The results of the stress tests are reviewed by the ALCO on a monthly basis and the board risk committee on a quarterly basis.

3.2.2. Value at risk (VaR) Summary

EGP Thousands

Total VaR by risk type

	Sep.30, 2015			Dec.31, 2014		
	Medium	**High**	**Low**	Medium	High	Low
Foreign exchange risk	**233**	**1,894**	**5**	42	351	3
Interest rate risk	**155,830**	**258,851**	**96,690**	81,711	125,871	63,594
- For non trading purposes	**132,438**	**217,626**	**88,109**	70,306	107,791	56,307
- For trading purposes	**23,398**	**41,226**	**8,581**	11,405	18,080	7,288
Equities risk	**-**	**-**	**-**	84	141	-
Portfolio managed by others risk	**5,627**	**7,426**	**3,833**	4,132	6,817	1,108
Investment fund	**377**	**492**	**317**	357	549	223
Total VaR	**155,894**	**258,338**	**96,794**	81,859	126,094	63,618

Trading portfolio VaR by risk type

	Sep.30, 2015			Dec.31, 2014		
	Medium	**High**	**Low**	Medium	High	Low
Foreign exchange risk	**233**	**1,894**	**5**	42	351	3
Interest rate risk						
- For trading purposes	**23,399**	**41,227**	**8,581**	11,405	18,080	7,288
Equities risk	**-**	**-**	**-**	84	141	-
Funds managed by others risk	**5,627**	**7,426**	**3,833**	4,132	6,817	1,108
Investment fund	**377**	**492**	**317**	357	549	223
Total VaR	**24,391**	**41,655**	**11,345**	12,451	18,815	8,790

Non trading portfolio VaR by risk type

	Sep.30, 2015			Dec.31, 2014		
	Medium	**High**	**Low**	Medium	High	Low
Interest rate risk						
- For non trading purposes	**132,437**	**217,625**	**88,109**	70,306	107,791	56,307
Total VaR	**132,437**	**217,625**	**88,109**	70,306	107,791	56,307

The aggregate of the trading and non-trading VaR results does not constitute the Bank's VaR due to correlations and consequent diversification effects between risk types and portfolio types.

3.2.3. Foreign exchange risk

The Bank's financial position and cash flows are exposed to fluctuations in foreign currency exchange rates. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarizes the Bank's exposure to foreign currency exchange rate risk and Bank's financial instruments at carrying amounts, categorized by currency.

Equivalent EGP Thousands

Sep.30, 2015	EGP	USD	EUR	GBP	Other	Total
Financial assets						
Cash and balances with central bank	8,452,709	502,716	139,095	45,595	90,542	**9,230,657**
Due from banks	4,724,313	8,545,792	2,147,980	400,797	63,822	**15,882,704**
Treasury bills and other governmental notes	24,866,800	4,369,826	605,823	-	-	**29,842,449**
Trading financial assets	6,323,914	77,919	-	-	-	**6,401,833**
Gross loans and advances to banks	-	55,152	-	-	-	**55,152**
Gross loans and advances to customers	35,930,197	25,019,869	1,452,648	93,271	36,214	**62,532,199**
Derivative financial instruments	24,600	53,169	4	-	-	**77,773**
Financial investments						
- Available for sale	41,156,800	2,176,357	-	-	-	**43,333,157**
- Held to maturity	9,262,579	-	-	-	-	**9,262,579**
Investments in associates	233,531	(1,953)	-	-	-	**231,578**
Total financial assets	**130,975,443**	**40,798,847**	**4,345,550**	**539,663**	**190,578**	**176,850,081**
Financial liabilities						
Due to banks	34,780	881,765	3,827	6,733	2,967	**930,072**
Due to customers	112,828,913	35,606,585	5,171,560	515,141	198,229	**154,320,428**
Derivative financial instruments	23,023	33,339	-	-	-	**56,362**
Long term loans	168,456	-	-	-	-	**168,456**
Total financial liabilities	**113,055,172**	**36,521,689**	**5,175,387**	**521,874**	**201,196**	**155,475,318**
Net on-balance sheet financial position	**17,920,271**	**4,277,158**	**(829,837)**	**17,789**	**(10,618)**	**21,374,763**

3.2.4. Interest rate risk

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but profit may decrease in the event that unexpected movements arise.The Board sets limits on the gaps of interest rate repricing that may be undertaken, which is monitored by bank's Risk Management Department.

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

Sep.30, 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	-	-	-	-	-	9,230,657	**9,230,657**
Due from banks	11,470,283	4,208,208	160,740	-	-	43,473	**15,882,704**
Treasury bills and other governmental notes*	705,150	8,178,070	20,959,229	-	-	-	**29,842,449**
Trading financial assets	202,877	-	-	3,858,419	2,155,696	184,841	**6,401,833**
Gross loans and advances to banks	9,261	639	-	45,252	-	-	**55,152**
Gross loans and advances to customers	37,391,397	14,734,802	5,157,898	4,450,060	798,042	-	**62,532,199**
Derivatives financial instruments (including IRS notional amount)	406,902	98,931	1,152,666	6,150,802	200,983	-	**8,010,284**
Financial investments							
- Available for sale	193,147	413,812	3,615,304	26,945,360	11,455,791	709,743	**43,333,157**
- Held to maturity	-	430	4,798	9,019,685	237,666	-	**9,262,579**
Investments in associates	-	-	-	-	-	231,578	**231,578**
Total financial assets	**50,379,017**	**27,634,892**	**31,050,635**	**50,469,578**	**14,848,178**	**10,400,292**	**184,782,592**
Financial liabilities							
Due to banks	823,047	-	73,900	-	-	33,125	**930,072**
Due to customers	63,534,486	13,595,612	16,893,949	31,568,116	1,474,134	27,254,131	**154,320,428**
Derivatives financial instruments (including IRS notional amount)	2,923,524	4,761,271	4,993	286,014	-	38,493	**8,014,295**
Long term loans	46,167	33,447	48,124	40,718	-	-	**168,456**
Total financial liabilities	**67,327,224**	**18,390,330**	**17,020,966**	**31,894,848**	**1,474,134**	**27,325,749**	**163,433,251**
Total interest re-pricing gap	**(16,948,207)**	**9,244,562**	**14,029,669**	**18,574,730**	**13,374,044**	**(16,925,457)**	**21,349,341**

** After adding Reverse repos and deducting Repos.*

3.3. Liquidity risk

Liquidity risk is the risk that the Bank does not have sufficient financial resources to meet its obligations arises from its financial liabilities as they fall due or to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill lending commitments.

3.3.1. Liquidity risk management process

the Bank's liquidity management process, is carried by the assets and Liabilities Management Department and monitored independently by the Risk Management Department, which includes:
Projecting cash flows by major currency under various stress scenarios and considering the level of liquid assets necessary in relation thereto:

- The Bank maintains an active presence in global money markets to enable this to happen.
- Maintaining a diverse range of funding sources with back-up facilities.
- Monitoring balance sheet liquidity and advances to core funding ratios against internal and Central Bank of Egypt regulations.
- Managing the concentration and profile of debt maturities.
- Monitoring and reporting takes the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those assets projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets. Bank's Risk Management Department also monitors unmatched medium-term

3.3.2. Funding approach

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

3.3.3. Non-derivative cash flows

The table below presents the undiscounted cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities and the maturities assumption for non contractual product are based on there behavior studies.

Sep.30, 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	**856,172**	**-**	**73,900**	**-**	**-**	**930,072**
Due to customers	**18,465,725**	**19,887,439**	**44,608,470**	**68,798,791**	**2,560,003**	**154,320,428**
Long term loans	**46,167**	**33,447**	**48,124**	**40,718**	**-**	**168,456**
Total liabilities (contractual and non contractual maturity dates)	**19,368,064**	**19,920,886**	**44,730,494**	**68,839,509**	**2,560,003**	**155,418,956**
Total financial assets (contractual and non contractual maturity dates)	**25,501,050**	**20,350,051**	**35,075,751**	**72,533,042**	**23,884,826**	**177,344,720**

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

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

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

3.3.4. Derivative cash flows

Derivatives settled on a net basis

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

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

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

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

EGP Thousands

Sep.30, 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	14,230	4,354	4,993	-	-	23,577
- Interest rate derivatives	-	-	-	32,785	-	32,785
Total	**14,230**	**4,354**	**4,993**	**32,785**	**-**	**56,362**

Off balance sheet items

Sep.30, 2015	Up to 1 year	1-5 years	Over 5 years	Total
Letters of credit, guarantees and other commitments	18,275,220	9,109,029	3,285,391	30,669,640
Total	**18,275,220**	**9,109,029**	**3,285,391**	**30,669,640**

	Up to 1 year	1-5 years	Over 5 years	Total
Loans commitments (Customers limit authorized not utilized)	19,809,168	1,807,216	231,159	21,847,543
Total	**19,809,168**	**1,807,216**	**231,159**	**21,847,543**

3.4. Fair value of financial assets and liabilities

3.4.1. Financial instruments not measured at fair value

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

	Book value		Fair value	
	Sep.30, 2015	Dec.31, 2014	**Sep.30, 2015**	Dec.31, 2014
Financial assets				
Due from banks	**15,882,704**	9,521,999	**15,882,704**	9,521,999
Gross loans and advances to banks	**55,152**	132,673	**55,152**	132,673
Gross loans and advances to customers				
- Individual	**10,539,588**	8,523,485	**10,539,588**	8,523,485
- Corporate	**51,992,611**	44,468,522	**51,992,611**	44,468,522
Financial investments				
Held to Maturity	**9,262,579**	9,160,746	**9,262,579**	9,160,746
Total financial assets	**87,732,634**	71,807,425	**87,732,634**	71,807,425
Financial liabilities				
Due to banks	**930,072**	1,131,385	**930,072**	1,131,385
Due to customers	**154,320,428**	121,974,959	**154,320,428**	121,974,959
Long term loans	**168,456**	242,878	**168,456**	242,878
Total financial liabilities	**155,418,956**	123,349,222	**155,418,956**	123,349,222

Due from banks

The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and similar maturity date.

Loans and advances to banks

Loans and advances to banks represented in loans do not considering bank placing. The expected fair value of the loans and advances represents the discounted value of future cash flows expected to be collected. Cash flows are discounted using the current market rate to determine fair value.

Loans and advances to customers

Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Financial Investments

Investment securities include only interest-bearing assets held to maturity assets classified as available for sale are measured at fair value. Fair value for held-to-maturity assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

Due to other banks and customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar maturity date.

3.5 Capital management

For capital management purposes, the Bank's capital includes total equity as reported in the balance sheet plus some other elements that are managed as capital. The Bank manages its capital to ensure that the following objectives are achieved:
- Compliance with the legally imposed capital requirements in Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the bank.

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 .

According to Basel II :

1-The capital adequacy ratio	**Sep.30, 2015**	Dec.31, 2014
	EGP Thousands	EGP Thousands
		Restated**
Tier 1 capital		
Share capital (net of the treasury shares)	**9,176,482**	9,081,734
Reserves	**4,740,169**	4,740,169
Retained Earnings (Losses)	**(59,866)**	(61,234)
Total deductions from tier 1 capital common equity	**(1,940,162)**	(625,080)
Total qualifying tier 1 capital	**11,916,623**	13,135,589
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	**15,247**	15,763
Impairment provision for loans and regular contingent liabilities	**969,633**	879,836
Total qualifying tier 2 capital	**984,929**	895,648
Total capital 1+2	**12,901,552**	14,031,237
Risk weighted assets and contingent liabilities		
Total credit risk	**77,610,655**	70,426,788
Total market risk	**4,222,877**	3,179,692
Total operational risk	**10,064,534**	10,064,534
Total	**91,898,066**	83,671,014
***Capital adequacy ratio (%)**	**14.04%**	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.*

2-Leverage ratio	**Sep.30, 2015**
	EGP Thousands
Total qualifying tier 1 capital	**11,916,623**
On-balance sheet items & derivatives	**178,806,461**
Off-balance sheet items	**23,340,834**
Total exposures	**202,147,295**
***Percentage**	**5.90%**

**Based on consolidated financial statement figures and in accordance with Centeral Bank of Egypt regulation issued on 14 July 2015.*

4. Critical accounting estimates and judgments

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and available information.

4.1. Impairment losses on loans and advances

The Bank reviews its loan portfolios to assess impairment on monthly basis a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a Bank, or national or local economic conditions that correlate with defaults on assets in the Bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. To the extent that the net present value of estimated cash flows differs by +/-5%

4.2. Impairment of available for-sale equity investments

The Bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of a deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

4.3. Fair value of derivatives

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (as models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

4.4 Held-to-Maturity investments

The non-derivative financial assets with fixed or determinable payments and fixed maturity are being classified held to maturity. This requires significant judgment. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity it will be required to reclassify the entire category as available for sale. The investments would therefore be measured at fair value not amortized cost.

5. Segment analysis

5.1. By business segment

The Bank is divided into main business segments on a worldwide basis:

- Corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products
- Investment banking – incorporating financial instruments Trading, structured financing, Corporate leasing,and merger and acquisitions advice.
- Retail banking – incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages;
- Others –Include other banking business, such as Assets Management.
- Transactions between the business segments are on normal commercial terms and conditions.

EGP Thousands

Sep.30, 2015	**Corporate banking**	**SME's**	**Investment banking**	**Retail banking**	**Total**
Revenue according to business segment	**5,063,231**	**807,789**	**258,769**	**1,825,455**	**7,955,244**
Expenses according to business segment	**(1,818,354)**	**(335,461)**	**(15,927)**	**(852,954)**	**(3,022,696)**
Profit before tax	**3,244,877**	**472,328**	**242,842**	**972,501**	**4,932,548**
Tax	**(917,978)**	**(130,784)**	**(31,152)**	**(269,279)**	**(1,349,193)**
Profit for the period	**2,326,899**	**341,544**	**211,690**	**703,222**	**3,583,355**
Total assets	**162,787,245**	**1,108,868**	**767,576**	**11,754,060**	**176,417,749**

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

5.2. By geographical segment

EGP Thousands

Sep.30, 2015	**Cairo**	**Alex, Delta & Sinai**	**Upper Egypt**	**Total**
Revenue according to geographical segment	**6,766,959**	**863,753**	**324,532**	**7,955,244**
Expenses according to geographical segment	**(2,522,361)**	**(352,951)**	**(147,384)**	**(3,022,696)**
Profit before tax	**4,244,598**	**510,802**	**177,148**	**4,932,548**
Tax	**(1,158,705)**	**(141,437)**	**(49,051)**	**(1,349,193)**
Profit for the period	**3,085,893**	**369,365**	**128,097**	**3,583,355**
Total assets	**159,792,730**	**13,840,879**	**2,784,140**	**176,417,749**

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

6 . Net interest income

	Last 3 Months Sep.30, 2015 EGP Thousands	Last 9 Months Sep.30, 2015 EGP Thousands	Last 3 Months Sep.30, 2014 EGP Thousands	Last 9 Months Sep.30, 2014 EGP Thousands
Interest and similar income				
- Banks	122,572	226,373	96,567	157,621
- Clients	1,302,110	3,740,156	1,086,913	2,985,199
	1,424,682	3,966,529	1,183,480	3,142,820
Treasury bills and bonds	2,360,736	6,656,717	1,721,080	4,960,294
Reverse repos	-	2,338	2,578	3,755
Financial investments in held to maturity and available for sale debt instruments	21,187	77,217	29,743	95,032
Total	3,806,605	10,702,801	2,936,881	8,201,901
Interest and similar expense				
- Banks	(13,298)	(58,698)	(15,181)	(61,874)
- Clients	(1,705,731)	(4,770,144)	(1,360,888)	(3,776,581)
	(1,719,029)	(4,828,842)	(1,376,069)	(3,838,455)
Financial instruments purchased with a commitment to re-sale (Repos)	(3,009)	(7,762)	-	-
Other	-	(832)	-	(543)
Total	(1,722,038)	(4,837,436)	(1,376,069)	(3,838,998)
Net interest income	2,084,567	5,865,365	1,560,812	4,362,903

7 . Net fee and commission income

	Last 3 Months Sep.30, 2015 EGP Thousands	Last 9 Months Sep.30, 2015 EGP Thousands	Last 3 Months Sep.30, 2014 EGP Thousands	Last 9 Months Sep.30, 2014 EGP Thousands
Fee and commission income				
Fee and commissions related to credit	241,581	742,565	253,279	691,974
Custody fee	67,023	247,864	69,585	247,452
Other fee	200,614	580,028	144,476	437,676
Total	509,218	1,570,457	467,340	1,377,102
Fee and commission expense				
Other fee paid	(77,720)	(200,006)	(45,291)	(127,327)
Total	(77,720)	(200,006)	(45,291)	(127,327)
Net income from fee and commission	431,498	1,370,451	422,049	1,249,775

8 . Dividend income

	Last 3 Months Sep.30, 2015 EGP Thousands	Last 9 Months Sep.30, 2015 EGP Thousands	Last 3 Months Sep.30, 2014 EGP Thousands	Last 9 Months Sep.30, 2014 EGP Thousands
Trading securities	611	2,767	-	-
Available for sale securities	20,337	33,516	2	28,495
Total	20,948	36,283	2	28,495

9 . Net trading income

	Last 3 Months Sep.30, 2015 EGP Thousands	Last 9 Months Sep.30, 2015 EGP Thousands	Last 3 Months Sep.30, 2014 EGP Thousands	Last 9 Months Sep.30, 2014 EGP Thousands
Profit (losses) from foreign exchange	56,710	131,330	62,514	181,797
Profit (losses) from revaluations of trading assets and liabilities in foreign currencies	1,870	6,558	(340)	2,651
Profit (Loss) from forward foreign exchange deals revaluation	9,169	8,606	13,983	5,983
Profit (Loss) from interest rate swaps revaluation	(1,482)	(5,337)	(549)	(429)
Profit (Loss) from currency swap deals revaluation	43,552	32,553	(11,398)	(11,337)
Trading debt instruments	141,335	272,573	109,746	395,652
Trading equity instruments	(4,562)	(9,058)	697	2,358
Total	246,592	437,225	174,653	576,675

10 . Administrative expenses

	Last 3 Months Sep.30, 2015 EGP Thousands	Last 9 Months Sep.30, 2015 EGP Thousands	Last 3 Months Sep.30, 2014 EGP Thousands	Last 9 Months Sep.30, 2014 EGP Thousands
. 1.Staff costs				
- Wages and salaries	(248,851)	(811,993)	(253,766)	(714,778)
- Social insurance	(8,756)	(35,842)	(7,785)	(33,355)
- Other benefits	(7,814)	(28,913)	(7,290)	(29,406)
. 2.Other administrative expenses	(234,735)	(650,842)	(200,507)	(524,730)
Total	(500,156)	(1,527,590)	(469,348)	(1,302,269)

11 . Other operating (expenses) income

	Last 3 Months Sep.30, 2015 EGP Thousands	Last 9 Months Sep.30, 2015 EGP Thousands	Last 3 Months Sep.30, 2014 EGP Thousands	Last 9 Months Sep.30, 2014 EGP Thousands
Profits (Losses) from non-trading assets and liabilities revaluation	(54,654)	13,782	(3,005)	(10,771)
Profits (losses) from selling property, plant and equipment	329	1,127	297	689
Release (charges) of other provisions	(70,014)	(118,158)	(18,398)	(117,713)
Others	(65,747)	(233,538)	(170,117)	(359,596)
Total	(190,086)	(336,787)	(191,223)	(487,391)

12 . Impairment (charge) release for credit losses

	Last 3 Months Sep.30, 2015 EGP Thousands	Last 9 Months Sep.30, 2015 EGP Thousands	Last 3 Months Sep.30, 2014 EGP Thousands	Last 9 Months Sep.30, 2014 EGP Thousands
Loans and advances to customers	(471,838)	(1,120,280)	(107,374)	(466,534)
Total	(471,838)	(1,120,280)	(107,374)	(466,534)

13 . Adjustments to calculate the effective tax rate

	Last 3 Months Sep.30, 2015 EGP Thousands	Last 9 Months Sep.30, 2015 EGP Thousands	Last 3 Months Sep.30, 2014 EGP Thousands	Last 9 Months Sep.30, 2014 EGP Thousands
Profit after settlement	1,640,880	4,932,921	1,460,326	4,059,108
* Tax rate	22.50%	22.50%	25%-30%	25%-30%
Income tax based on accounting profit	122,345	1,109,908	438,113	1,217,698
Add / (Deduct)				
Non-deductible expenses	131,908	160,834	19,462	34,263
Tax exemptions	15,301	(71,150)	(4,058)	(46,757)
Effect of provisions	46,256	142,212	34,760	149,251
Depreciation	(7,062)	(7,236)	(37)	(5,477)
Tax deterministic 10% (net capital gain)	4,314	14,625	-	-
Income tax	313,062	1,349,193	488,240	1,348,978
Effective tax rate	19.08%	27.35%	33.43%	33.23%

* *As per the law no. 96 of 2015 tax rate become 22.5%.*

14 . Earning per share

	Last 3 Months Sep.30, 2015 EGP Thousands	Last 9 Months Sep.30, 2015 EGP Thousands	Last 3 Months Sep.30, 2014 EGP Thousands	Last 9 Months Sep.30, 2014 EGP Thousands
Net profit for the period available for distribution	1,312,158	3,510,905	955,938	2,618,941
Board member's bonus	(19,682)	(52,664)	(14,339)	(39,284)
Staff profit sharing	(131,216)	(351,091)	(95,594)	(261,894)
* **Profits shareholders' Stake**	1,161,260	3,107,150	846,005	2,317,763
Number of shares	917,648	917,648	917,648	917,648
Basic earning per share	1.27	3.39	0.92	2.53
By issuance of ESOP earning per share will be:				
Number of shares including ESOP shares	933,012	933,174	934,810	934,224
Diluted earning per share	1.24	3.33	0.91	2.48

* *Based on separate financial statement profits.*

15 . Cash and balances with central bank

	Sep.30, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Cash	2,198,305	2,109,660
Obligatory reserve balance with CBE		
- Current accounts	7,032,352	5,392,596
Total	9,230,657	7,502,256
Non-interest bearing balances	9,230,657	7,502,256

16 . Due from banks

	Sep.30, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Current accounts	1,318,638	1,017,373
Deposits	14,564,066	8,504,626
Total	15,882,704	9,521,999
Central banks	8,366,542	4,297,194
Local banks	2,134,740	1,112,318
Foreign banks	5,381,422	4,112,487
Total	15,882,704	9,521,999
Non-interest bearing balances	43,473	420,477
Fixed interest bearing balances	15,839,231	9,101,522
Total	15,882,704	9,521,999
Current balances	15,882,704	9,521,999
Total	15,882,704	9,521,999

17 . Treasury bills and other governmental notes

	Sep.30, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
91 Days maturity	8,885,245	8,539,354
182 Days maturity	8,362,353	8,293,655
364 Days maturity	12,594,851	15,107,327
Unearned interest	(1,297,927)	(1,469,221)
Total 1	28,544,522	30,471,115
Reverse repos treasury bonds	-	77,775
Total 2	-	77,775
Net	28,544,522	30,548,890

18 . Trading financial assets

	Sep.30, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Debt instruments		
- Governmental bonds	6,014,115	3,335,297
Total	6,014,115	3,335,297
Equity instruments		
- Companies shares	18,285	-
- Mutual funds	184,592	167,048
Total	202,877	167,048
- Portfolio managed by others	184,841	260,373
Total	6,401,833	3,762,718

19 . Loans and advances to banks, net

	Sep.30, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Time and term loans	55,152	132,673
Less:Impairment provision	(10,206)	(14,582)
Total	44,946	118,091
Current balances	9,900	93,035
Non-current balances	35,046	25,056
Total	44,946	118,091

Analysis for impairment provision of loans and advances to banks

	Sep.30, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Beginning balance	(14,582)	(21,411)
Charge (release) during the period	4,609	6,915
Exchange revaluation difference	(233)	(86)
Ending balance	(10,206)	(14,582)

20 . Loans and advances to customers, net

	Sep.30, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Individual		
- Overdraft	1,493,659	1,438,217
- Credit cards	1,258,700	1,010,014
- Personal loans	7,458,983	5,729,054
- Real estate loans	307,358	325,266
- Other loans	20,888	20,934
Total 1	10,539,588	8,523,485
Corporate		
- Overdraft	9,828,022	6,598,541
- Direct loans	27,972,521	25,008,383
- Syndicated loans	14,069,154	12,645,169
- Other loans	122,914	216,429
Total 2	51,992,611	44,468,522
Total Loans and advances to customers (1+2)	62,532,199	52,992,007
Less:		
Unamortized bills discount	(4,426)	(5,568)
Impairment provision	(4,320,456)	(3,441,757)
Unearned interest	(996,838)	(859,052)
Net loans and advances to customers	57,210,479	48,685,630
Distributed to		
Current balances	25,797,459	21,190,611
Non-current balances	31,413,020	27,495,019
Total	57,210,479	48,685,630

Analysis for impairment provision of loans and advances to customers

	Individual					
Sep.30, 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 period	(2,643)	(7,698)	(34,946)	(2,012)	46	(47,253)
Write off during the period	-	6,752	1,902	-	-	8,654
Recoveries during the period	(4)	(3,556)	-	-	-	(3,560)
Ending balance	(13,197)	(11,936)	(114,197)	(10,434)	(20,888)	(170,652)

	Corporate				
Sep.30, 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 period	(97,980)	(505,360)	(477,073)	2,777	(1,077,636)
Write off during the period	-	357,948	-	-	357,948
Recoveries during the period	-	(3,000)	-	-	(3,000)
Exchange revaluation difference	(19,590)	(61,463)	(32,799)	-	(113,852)
Ending balance	(609,333)	(2,384,301)	(1,154,097)	(2,073)	(4,149,804)

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

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

21 . Derivative financial instruments

21.1 . Derivatives

The Bank uses the following financial derivatives for non hedging purposes.

Forward contracts represents commitments of buying foreign and local currencies including unexecuted spot transactions. Future contracts for foreign currencies and/or interest rates represents contractual commitments to receive or pay net on the basis of changes in foreign exchange rates or interest rates, and/or buying or selling foreign currencies or financial instruments in a future date with a fixed contractual price under active financial market.

Credit risk is considered low, and future interest rate contracts represents future exchange rate contracts negotiated for case by case, these contracts requires financial settlements of any differences in contractual interest rates and prevailing market interest rates on future interest rates on future dates based on contractual amount (nominal value) pre agreed upon.

Foreign exchange and/or interest rate swap represents commitments to exchange cash flows, resulting from these contracts exchange of currencies or interest (fixed rate versus variable rate for example) or both (meaning foreign exchange and interest rate contracts)/ contractual amounts are not exchanged except for some foreign exchange contracts.

Credit risk is represented in the expected cost of foreign exchange contracts that takes place if other parties default to fulfill their liabilities. This risk is monitored continuously through comparisons of fair value and contractual amount, and to control the outstanding credit risk, The Bank evaluates other parties using the same methods as in borrowing activities.

Options contracts in foreign currencies and/or interest rates represents contractual agreements for the buyer (issuer) to seller (holders) as a right not an obligations whether to buy (buy option) or to sell (sell option) at a certain day or within certain period for a certain amount in foreign currency or interest rate. Options contracts are either traded in the market or negotiated between The Bank and one of its clients (Off balance sheet). The Bank exposed to credit risk for purchased options contracts only and in the line of its book cost which represent its fair value.

The contractual value for some derivatives options considered a base to compare the realized financial instruments on the balance sheet, but it didn’t provide indicator on the projected cash flows of the fair value for current instruments, those amounts doesn’t reflects credit risk or interest rate risk.

Derivatives in The Banks benefit represent (assets) conversely it represents (liabilities) as a result of the changes in foreign exchange prices or interest rates related to these derivatives. Contractual / expected total amounts of financial derivatives can fluctuate from time to time and also the range through which the financial derivatives can be in benefit of The Bank or conversely against its benefit and the total fair value of the financial derivatives in assets and liabilities. hereunder are the fair values of the booked financial derivatives.

21.1.1 . For trading derivatives

	Sep.30, 2015			Dec.31, 2014		
	Notional amount	**Assets**	**Liabilities**	Notional amount	Assets	Liabilities
Foreign currencies derivatives						
- Forward foreign exchange contracts	**1,375,131**	**5,723**	**8,963**	1,761,253	2,364	14,209
- Currency swap	**4,865,143**	**18,878**	**14,061**	3,928,336	19,857	47,594
- Options	**81,513**	**553**	**553**	319,390	3,887	3,713
Total 1		**25,154**	**23,577**		26,108	65,516
Interest rate derivatives						
- Interest rate swaps	**14,687**	**541**	**-**	278,504	1,575	434
Total 2		**541**	**-**		1,575	434
Total assets (liabilities) for trading derivatives (1+2)		**25,695**	**23,577**		27,683	65,950
21.1.2 . Fair value hedge						
Interest rate derivatives						
- Governmental debt instruments hedging	**286,014**	**-**	**27,564**	621,189	-	63,402
- Customers deposits hedging	**7,657,232**	**52,078**	**5,221**	4,276,937	24,505	7,823
Total 3		**52,078**	**32,785**		24,505	71,225
Total financial derivatives (1+2+3)		**77,773**	**56,362**		52,188	137,175

21.2 . Hedging derivatives

21.2.1 . Fair value hedge

The Bank uses interest rate swap contracts to cover part of the risk of potential decrease in fair value of its fixed rate governmental debt instruments in foreign currencies. Net derivative value resulting from the related hedging instruments is EGP 27,564 thousand at September 30, 2015 against EGP 63,402 thousand at the December 31, 2014, Resulting in net gains form hedging instruments at September 30, 2015 EGP 35,838 thousand against net losses EGP 5,926 thousand at the December 31, 2014. Losses arises from the hedged items at September 30, 2015 reached EGP 41,030 thousand against losses arises EGP 232 thousand at December 31, 2014.

The Bank uses interest rate swap contracts to cover part of the risk of potential increase in fair value of its fixed rate customers deposits in foreign currencies. Net derivative value resulting from the related hedging instruments is EGP 46,857 thousand at the end of September 30, 2015 against EGP 16,682 thousand at December 31, 2014, Resulting in net gains form hedging instruments at September 30, 2015 EGP 30,175 thousand against net losses EGP 21,380 thousand at December 31, 2014. losses arises from the hedged items at September 30, 2015 reached EGP 32,325 thousand against gains EGP 45,094 thousand at December 31 , 2014.

22 . Financial investments

	Sep.30, 2015	Dec.31, 2014
Available for sale	**EGP Thousands**	EGP Thousands
- Listed debt instruments with fair value	**42,539,084**	27,249,861
- Listed equity instruments with fair value	**29,446**	87,770
- Unlisted instruments	**764,627**	364,491
Total	**43,333,157**	27,702,122
Held to maturity		
- Listed debt instruments	**9,230,066**	9,133,233
- Unlisted instruments	**32,513**	27,513
Total	**9,262,579**	9,160,746
Total financial investment	**52,595,736**	36,862,868
- Actively traded instruments	**50,905,037**	35,617,223
- Not actively traded instruments	**1,690,699**	1,245,645
Total	**52,595,736**	36,862,868
Fixed interest debt instruments	**50,519,367**	35,211,927
Floating interest debt instruments	**1,249,783**	1,171,168
Total	**51,769,150**	36,383,095

	Available for sale financial investments	Held to maturity financial investments	Total
			EGP Thousands
Beginning balance	23,378,104	4,197,177	27,575,281
Addition	9,079,241	4,963,569	14,042,810
Deduction (selling - redemptions)	(4,854,894)	-	(4,854,894)
Exchange revaluation differences for foreign financial assets	38,176	-	38,176
Profit (losses) from fair value difference	121,246	-	121,246
Impairment (charges) release	(59,751)	-	(59,751)
Ending Balance as of Dec.31, 2014	27,702,122	9,160,746	36,862,868
Beginning balance	**27,702,122**	**9,160,746**	**36,862,868**
Addition	**21,237,674**	**4,019,548**	**25,257,222**
Deduction (selling - redemptions)	**(4,530,762)**	**(3,917,715)**	**(8,448,477)**
Exchange revaluation differences for foreign financial assets	**96,639**	**-**	**96,639**
Profit (losses) from fair value difference	**(1,168,957)**	**-**	**(1,168,957)**
Impairment (charges) release	**(3,559)**	**-**	**(3,559)**
Ending Balance as of Sep.30, 2015	**43,333,157**	**9,262,579**	**52,595,736**

22.1 . Profit (Losses) on financial investments

	Last 3 Months Sep.30, 2015 EGP Thousands	Last 9 Months Sep.30, 2015 EGP Thousands	Last 3 Months Sep.30, 2014 EGP Thousands	Last 9 Months Sep.30, 2014 EGP Thousands
Profit (Loss) from selling available for sale financial instruments	(15,498)	161,897	65,560	74,968
Impairment release (charges) of available for sale equity instruments	15,411	(3,559)	(1,071)	(1,071)
Profit (Loss) from selling held to maturity debt investments	-	(1)	(2)	(21)
Total	(87)	158,337	64,487	73,876

23 . Investments in associates

Sep.30, 2015	**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	Egypt	3,410,111	3,283,022	353,133	36,461	79,744	45
- Corplease	Egypt	2,458,079	2,201,252	137,962	14,081	119,517	43
- Haykala for investment	Egypt	5,205	369	180	100	1,712	40
- Egypt Factors	Egypt	374,737	327,831	14,468	(9,616)	(1,953)	39
- International Co. for Security and Services (Falcon)	Egypt	200,157	123,640	200,808	31,006	32,558	40
Total		6,448,289	5,936,114	706,551	72,032	231,578	

Dec.31, 2014	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	Egypt	2,861,447	2,762,148	267,286	8,671	59,500	45
- Corplease	Egypt	2,374,952	2,148,954	413,070	22,437	102,237	43
- Haykala for Investment	Egypt	4,742	236	276	155	1,518	40
- Egypt Factors	Egypt	401,466	345,515	33,711	(1,488)	816	39
- International Co. for Security and Services (Falcon)	Egypt	141,818	102,994	148,811	8,229	17,590	40
Total		5,784,425	5,359,847	863,154	38,004	181,661	

24 . Investment properties

	Sep.30, 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

25 . Other assets

	Sep.30, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Accrued revenues	**2,344,553**	1,870,423
Prepaid expenses	**121,908**	109,115
Advances to purchase of fixed assets	**198,198**	145,170
Accounts receivable and other assets	**1,501,587**	1,653,149
Assets acquired as settlement of debts	**23,787**	27,351
Insurance and testament	**10,615**	8,867
Total	**4,200,648**	3,814,075

26 . Property, plant and equipment

	Sep.30, 2015							
	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total EGP Thousands
Beginning gross assets (1)	64,709	696,428	1,085,729	69,278	442,793	365,933	145,156	**2,870,026**
Additions during the period	-	46,838	82,405	4,436	22,223	27,981	2,139	**186,022**
Ending gross assets (2)	**64,709**	**743,266**	**1,168,134**	**73,714**	**465,016**	**393,914**	**147,295**	**3,056,048**
Accu.depreciation at beginning of the period (3)	-	237,385	812,493	41,109	370,597	298,841	124,097	**1,884,522**
Current period depreciation	-	26,926	77,321	3,813	31,860	24,227	4,350	**168,497**
Accu.depreciation at end of the period (4)	**-**	**264,311**	**889,814**	**44,922**	**402,457**	**323,068**	**128,447**	**2,053,019**
Ending net assets (2-4)	**64,709**	**478,955**	**278,320**	**28,792**	**62,559**	**70,846**	**18,848**	**1,003,029**
Beginning net assets (1-3)	**64,709**	**459,043**	**273,236**	**28,169**	**72,196**	**67,092**	**21,059**	**985,504**
Depreciation rates		**%5**	**%33.3**	**%20**	**%33.3**	**%20**	**%20**	

Net fixed assets value on the balance sheet date includes EGP 59,072 thousand non registered assets while their registrations procedures are in process.

27 Due to banks

	Sep.30, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Current accounts	**199,114**	945,684
Deposits	**730,958**	185,701
Total	**930,072**	1,131,385
Central banks	**41,508**	12,386
Local banks	**101,532**	221,043
Foreign banks	**787,032**	897,956
Total	**930,072**	1,131,385
Non-interest bearing balances	**33,125**	899,657
Fixed interest bearing balances	**896,947**	231,728
Total	**930,072**	1,131,385
Current balances	**199,114**	945,684
Non-current balances	**730,958**	185,701
Total	**930,072**	1,131,385

28 Due to customers

	Sep.30, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Demand deposits	**43,191,272**	30,502,057
Time deposits	**42,079,825**	35,408,462
Certificates of deposit	**36,797,986**	31,001,139
Saving deposits	**26,518,486**	21,603,688
Other deposits	**5,732,859**	3,459,613
Total	**154,320,428**	121,974,959
Corporate deposits	**81,987,899**	61,934,339
Individual deposits	**72,332,529**	60,040,620
Total	**154,320,428**	121,974,959
Non-interest bearing balances	**27,254,131**	33,961,670
Fixed interest bearing balances	**127,066,297**	88,013,289
Total	**154,320,428**	121,974,959
Current balances	**114,993,639**	88,300,091
Non-current balances	**39,326,789**	33,674,868
Total	**154,320,428**	121,974,959

29 Long term loans

	Interest rate %	Maturity date	Maturing through next year EGP Thousands	Balance on Sep.30, 2015 EGP Thousands	Balance on Dec.31, 2014 EGP Thousands
Financial Investment & Sector Cooperation (FISC)	3.5 - 5.5 depends on maturity date	3-5 years	**1,111**	**3,889**	-
Environmental Compliance Project (ECO)	3.5 - 5.5 depends on maturity date	3-5 years	**790**	**990**	1,690
Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	**43,975**	**56,625**	105,075
Social Fund for Development (SFD)	3 months T/D or 9% which is more	1/4/2020	**31,145**	**106,952**	136,113
Total			**77,021**	**168,456**	242,878

30 . Other liabilities

	Sep.30, 2015	Dec.31, 2014
	EGP Thousands	EGP Thousands
Accrued interest payable	781,418	629,260
Accrued expenses	456,548	515,716
Accounts payable	859,427	1,171,126
Other credit balances	444,273	293,350
Total	**2,541,666**	2,609,452

31 . Other provisions

Sep.30, 2015	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance
						EGP Thousands
Provision for income tax claims	22,145	4,589	-	(33)	-	26,701
Provision for legal claims	40,435	448	53	(66)	-	40,870
Provision for Stamp Duty	31,000	-	-	-	-	31,000
Provision for contingent	620,547	105,582	18,857	8	-	744,994
* **Provision for other claim**	16,185	7,539	94	(4,591)	-	19,227
Total	730,312	118,158	19,004	(4,682)	-	862,792

Dec.31, 2014	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance
						EGP Thousands
Provision for income tax claims	14,045	8,210	-	(110)	-	22,145
Provision for legal claims	29,048	13,143	18	(1,318)	(456)	40,435
Provision for Stamp Duty	31,000	-	-	-	-	31,000
Provision for contingent	362,721	261,689	(3,863)	-	-	620,547
Provision for other claim	17,885	3,682	(12)	(5,370)	-	16,185
Total	454,699	286,724	(3,857)	(6,798)	(456)	730,312

Total

* *Provision for other claim formed on September 30, 2015 amounted to EGP 7,539 thousand to face the potential risk of banking operations against amount EGP 3,682 thousand on December 31, 2014 .*

32 . Equity

32.1 Capital

The authorized capital reached EGP 20 billion according to the extraordinary general assembly decision on March 17, 2010.

Issued and Paid in Capital reached EGP 9,176,482 thousand to be divided on 917,648 thousand shares with EGP 10 par value for each share based on:

- Increase issued and Paid in Capital by amount EGP 33,119 thousand on July 31, 2011 in according to Board of Directors decision on November 10,2010 by issuance of second tranch for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 37,712 thousand on April 9, 2012 in according to Board of Directors decision on December 22,2011 by issuance of third tranch for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 29,348 thousand On April 7,2013 to reach EGP 6,001,624 thousand according to Board of Directors decision on october 24,2012 by issuance of fourth tranch for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 3,000,812 thousand on December 5, 2013 according to Extraordinary General Assembly Meeting decision on July 15 ,2013 by distribution of a one share for every two outstanding shares by capitalizing on the General Reserve.
- Increase issued and Paid in Capital by amount EGP 79,299 thousand On March 23,2014 to reach EGP 9,081,734 thousand according to Board of Directors decision on December 10, 2013 by issuance of fifth tranch for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 94,748 thousand On April 5,2015 to reach EGP 9,176,482 thousand according to Board of Directors decision on November 11, 2014 by issuance of sixth tranch for E.S.O.P program.
- The Extraordinary General Assembly approved in the meeting of June 26, 2006 to activate a motivating and rewarding program for the Bank's employees and managers through Employee Share Ownership Plans (ESOP) by issuing a maximum of 5% of issued and paid-in capital at par value ,through 5 years starting year 2006 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.
- The Extraordinary General Assembly approved in the meeting of April 13,2011 continue to activate a motivating and rewarding program for The Bank's employees and managers through Employee Share Ownership Plans (ESOP) by issuing a maximum of 5% of issued and paid-in capital at par value ,through 5 years starting year 2011 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.
- Dividend deducted from shareholders' equity in the Year that the General Assembly approves the dispersment of this dividend, which includes staff profit share and remuneration of the Board of Directors stated in the law.

32.2 Reserves

According to The Bank status 5% of net profit is to increase legal reserve until it reaches 50% of The Bank's issued and paid in capital.
Central Bank of Egypt concurrence for usage of special reserve is required.

33 . Deferred tax assets

Deferred tax assets and liabilities are attributable to the following:

	Assets (Liabilities) Sep.30, 2015	Assets (Liabilities) Dec.31, 2014
	EGP Thousands	EGP Thousands
Fixed assets (depreciation)	**(17,489)**	(28,456)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	**14,260**	17,970
Other investments impairment	**84,061**	82,888
Reserve for employee stock ownership plan (ESOP)	**56,495**	49,335
Interest rate swaps revaluation	**80,616**	-
Trading investment revaluation	**1,201**	-
Forward foreign exchange deals revaluation	**(9,261)**	-
Total	**209,883**	121,737

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:

	Sep.30, 2015 No. of shares in thousand	Dec.31, 2014 No. of shares in thousand
Outstanding at the beginning of the period	**21,872**	23,918
Granted during the period	**6,617**	7,038
Forfeited during the period	**-**	(1,154)
Exercised during the period	**(9,475)**	(7,930)
Outstanding at the end of the period	**19,014**	21,872

Details of the outstanding tranches are as follows:

Maturity date	EGP **Exercise price**	EGP **Fair value ***	**No. of shares in thousand**
2016	10.00	16.84	5,636
2017	10.00	22.84	6,761
2018	10.00	39.09	6,617
Total			**19,014**

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

	9th tranche	**8th tranche**
Exercise price	10	10
Current share price	49.19	32.58
Expected life (years)	3	3
Risk free rate %	13.4%	12%
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.

35 . Reserves and retained earnings (losses)

	Sep.30, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Legal reserve	803,355	621,084
General reserve	3,812,494	1,850,496
Retained earnings (losses)	(59,866)	(155,160)
Special reserve	30,214	28,108
Reserve for A.F.S investments revaluation difference	(1,793,836)	(593,237)
Banking risks reserve	2,513	1,991
Total	2,794,874	1,753,282

35.1 . Banking risks reserve

	Sep.30, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Beginning balance	1,991	1,991
Transferred (from) to bank risk reserve	522	-
Ending balance	2,513	1,991

35.2 . Legal reserve

	Sep.30, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Beginning balance	621,084	490,365
Transferred from previous year profits	182,271	130,719
Ending balance	803,355	621,084

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

	Sep.30, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Beginning balance	(593,237)	(720,480)
Unrealized losses from A.F.S investment revaluation	(1,200,599)	127,243
Ending balance	(1,793,836)	(593,237)

35.4 . Retained losses

	Sep.30, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Beginning balance	(155,160)	(546,531)
Dividend previous year	-	-
Change in owner ship percentage	1,368	9
Transferred to retained losses	93,926	391,362
Ending balance	(59,866)	(155,160)

36 . Cash and cash equivalent

	Sep.30, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Cash and balances with central bank	9,230,657	7,502,256
Due from banks	15,882,704	9,521,999
Treasury bills and other governmental notes	28,544,522	30,548,890
Obligatory reserve balance with CBE	(7,032,352)	(5,392,596)
Due from banks (time deposits) more than three months	(10,696,967)	(5,007,463)
Treasury bills with maturity more than three months	(19,774,762)	(22,110,185)
Total	16,153,802	15,062,901

37 . Contingent liabilities and commitments

37.1 . Legal claims

There are a number of existing cases filed against the bank on September 30,2015 without provision as it's not expected to make any losses from it.

37.2 . Capital commitments

37.2.1 . Financial investments

The capital commitments for the financial investments reached on the date of financial position EGP 27,456 thousand as follows:

	Investments value	Paid	Remaining
Available for sale financial investments	89,500	62,043	**27,456**

37.2.2 . Fixed assets and branches constructions

The value of commitments for the purchase of fixed assets contracts and branches constructions that have not been implemented till the date of financial statement amounted to EGP 72,708 thousand.

37.3 . Letters of credit, guarantees and other commitments

	Sep.30, 2015 **EGP Thousands**	Dec.31, 2014 EGP Thousands
Letters of guarantee	**28,582,037**	23,262,617
Letters of credit (import and export)	**1,647,306**	1,289,834
Customers acceptances	**440,297**	757,509
Total	**30,669,640**	25,309,960

	Sep.30, 2015 **EGP Thousands**	Dec.31, 2014 EGP Thousands
Loans commitments (Customers limit authorized not utilized)	**21,847,543**	18,061,344

38 Mutual funds

Osoul fund

- The Bank established an accumulated return mutual fund under license no.331 issued from capital market authority on February 22, 2005 CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 20,235,846 with redeemed value EGP 5,024,965 thousands.
- The market value per certificate reached EGP 248.32 on September 30, 2015.
- The Bank portion got 601,064 certificates with redeemed value EGP 149,256 thousands.

Istethmar fund

- CIB bank established the second accumulated return mutual fund under license no.344 issued from capital market authority on February 26, 2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 1,156,419 with redeemed value EGP 88,686 thousands.
- The market value per certificate reached EGP 76.69 on September 30, 2015.
- The Bank portion got 194,744 certificates with redeemed value EGP 14,935 thousands.

Aman fund (CIB and Faisal Islamic Bank Mutual Fund)

- The Bank and Faisal Islamic Bank established an accumulated return mutual fund under license no.365 issued from capital market authority on July 30, 2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 764,043 with redeemed value EGP 34,680 thousands.
- The market value per certificate reached EGP 45.39 on September 30, 2015.
- The Bank portion got 71,943 certificates with redeemed value EGP 3,265 thousands.

Hemaya fund

- CIB bank established an accumulated return mutual fund under license no.585 issued from financial supervisory Authority on June 23, 2010. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 155,671 with redeemed value EGP 23,094 thousands.
- The market value per certificate reached EGP 148.35 on September 30, 2015.
- The Bank portion got 50,000 certificates with redeemed value EGP 7,418 thousands.

Thabat fund

- CIB bank established an accumulated return mutual fund under license no.613 issued from financial supervisory authority on September 13, 2011. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 1,158,987 with redeemed value EGP 181,776 thousands.
- The market value per certificate reached EGP 156.84 on September 30, 2015.
- The Bank portion got 52,404 certificates with redeemed value EGP 8,219 thousands.

Takamol fund

- CIB bank established an accumulated return mutual fund under license no.431 issued from financial supervisory authority on February 18, 2015. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 612,613 with redeemed value EGP 55,644 thousands.
- The market value per certificate reached EGP 90.83 on September 30, 2015.
- The Bank portion got 57,491 certificates with redeemed value EGP 5,222 thousands.

39 . Transactions with related parties

All banking transactions with related parties are conducted in accordance with the normal banking practices and regulations applied to all other customers without any discrimination.

39.1. . Loans, advances, deposits and contingent liabilities

	EGP Thousands
Loans and advances	954,361
Deposits	336,999
Contingent liabilities	167,634

39.2. . Other transactions with related parties

	Income EGP Thousands	Expenses EGP Thousands
International Co. for Security & Services	276	20,403
Corplease Co.	20,376	297
Commercial International Life Insurance Co.	5,103	2,870
Commercial International Brokerage Co.	7,336	4,078
Dynamics Company	8	527
Egypt Factors	10,137	114
CI Assets Management	415	7
Commercial International Capital Holding Co.	42,801	451
Haykala for Investment	362	-

40 . Main currencies positions

	Sep.30, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Egyptian pound	**9,310**	(141,124)
US dollar	**5,539**	63,391
Sterling pound	**92**	(279)
Japanese yen	**70**	20
Swiss franc	**67**	(442)
Euro	**(14,623)**	2,348

41 . Tax status

Corporate income tax

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

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

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

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

Salary tax

The Bank's salary tax has been examined, paid and settled from the beginning of the activity until the end of 2012.

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

Stamp duty tax

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

The Bank stamp duty tax were examined stamp tax for the period from 1/8/2006 until 31/12/2007 according to law No. 143 for the year 2006 points of disagreement were converted into internal committee.

The Bank stamp duty tax were examined stamp tax for the period from2008 until 2010 according to law No. 143 for the year 2006 points of disagreement were converted into internal committee.

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

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