



Consolidated  
**Financial Statements**



June- 2015  
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## **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 and its subsidiaries as at 30 June 2015 and the related consolidated statements of income, cash flows and changes in equity for the six months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim 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 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 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 June 2015 and of its consolidated financial performance and its consolidated cash flows for the six months then ended in accordance with the Central Bank of Egypt's rules issued on 16 December 2008 and in the light of the prevailing Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

*Auditors*


*Hassan Bas*  
Hassan Basyoni El Basha  
Egyptian Financial Supervisory Authority  
**KPMG Hazem Hassan**  
Public Register Number "98"  
Public Accountants & Consultants

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

## Consolidated Statement Of Financial Position As At June 30, 2015

	Notes	Jun. 30, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
<b>Assets</b>			
Cash and balances with Central Bank	15	12,668,642	7,502,256
Due from banks	16	8,728,922	9,521,999
Treasury bills and other governmental notes	17	26,569,148	30,548,890
Trading financial assets	18	6,006,088	3,762,718
Loans and advances to banks, net	19	34,182	118,091
Loans and advances to customers, net	20	54,525,936	48,685,630
Derivative financial instruments	21	76,532	52,188
<b>Financial investments</b>			
- Available for sale	22	37,577,558	27,702,122
- Held to maturity	22	9,763,861	9,160,746
Investments in associates	23	212,136	181,661
Brokerage clients - debit balances		943,325	771,611
Investment properties	24	908,393	884,094
Other assets	25	3,876,599	3,814,075
Deferred tax assets	33	224,591	121,737
Property, plant and equipment	26	1,032,913	985,504
<b>Total assets</b>		<b>163,148,826</b>	<b>143,813,322</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Due to banks	27	599,254	1,131,385
Due to customers	28	142,869,000	121,974,959
Brokerage clients - credit balances		398,643	360,145
Reconciliation accounts - credit balances		24,553	8,975
Derivative financial instruments	21	140,748	137,175
Current tax liabilities		1,130,674	1,814,609
Other liabilities	30	2,086,753	2,609,452
Long term loans	29	205,974	242,878
Other provisions	31	787,336	730,312
<b>Total liabilities</b>		<b>148,242,935</b>	<b>129,009,890</b>
<b>Equity</b>			
Issued and paid up capital	32	9,176,482	9,081,734
Reserves	32	3,285,569	1,908,443
Reserve for employee stock ownership plan (ESOP)		199,970	177,765
Retained earnings (losses)		(59,866)	(155,160)
<b>Total equity</b>		<b>12,602,155</b>	<b>11,012,782</b>
Net profit for the period / year		2,255,698	3,741,456
<b>Total equity and net profit for period / year</b>		<b>14,857,853</b>	<b>14,754,238</b>
Minority interest		48,038	49,194
<b>Total minority interest , equity and net profit for year</b>		<b>14,905,891</b>	<b>14,803,432</b>
<b>Total liabilities , equity and minority interest</b>		<b>163,148,826</b>	<b>143,813,322</b>

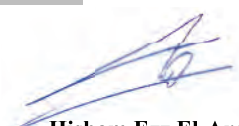
The accompanying notes are an integral part of these financial statements .  
 (Review report attached)



**Hisham Ezz El-Arab**  
 Chairman and Managing Director

## Consolidated Income Statement For The Period Ended June 30, 2015

	Notes	Last 3 Months Jun. 30, 2015 EGP Thousands	Last 6 Months Jun. 30, 2015 EGP Thousands	Last 3 Months Jun. 30, 2014 EGP Thousands	Last 6 Months Jun. 30, 2014 EGP Thousands
Interest and similar income		3,529,738	6,896,196	2,703,158	5,265,020
Interest and similar expense		(1,604,633)	(3,115,398)	(1,270,261)	(2,462,929)
<b>Net interest income</b>	6	<u>1,925,105</u>	<u>3,780,798</u>	<u>1,432,897</u>	<u>2,802,091</u>
Fee and commission income		525,715	1,061,239	499,158	909,762
Fee and commission expense		(68,710)	(122,286)	(45,184)	(82,036)
<b>Net fee and commission income</b>	7	<u>457,005</u>	<u>938,953</u>	<u>453,974</u>	<u>827,726</u>
Dividend income	8	15,335	15,335	28,270	28,493
Net trading income	9	123,900	190,633	249,103	402,021
Profit (Losses) on financial investments	22	(5,399)	158,424	5,431	9,389
Administrative expenses	10	(500,732)	(1,027,434)	(411,304)	(832,921)
Other operating (expenses) income	11	(146,287)	(146,701)	(144,908)	(296,168)
Impairment (charge) release for credit losses	12	(227,544)	(648,442)	(174,573)	(359,160)
Bank's share in the profits of associates		15,033	30,475	9,925	17,310
<b>Profit before income tax</b>		<u>1,656,416</u>	<u>3,292,041</u>	<u>1,448,815</u>	<u>2,598,781</u>
Income tax expense	13	(591,329)	(1,138,985)	(523,953)	(849,921)
Deferred tax assets	33 & 13	82,424	102,854	7,518	(10,817)
<b>Net profit for the period</b>		<u>1,147,511</u>	<u>2,255,910</u>	<u>932,380</u>	<u>1,738,043</u>
Minority interest		(21)	212	282	721
<b>Bank shareholders</b>		<u>1,147,532</u>	<u>2,255,698</u>	<u>932,098</u>	<u>1,737,322</u>
<b>Earning per share</b>	14				
Basic		1.08	2.12	0.85	1.60
Diluted		1.06	2.09	0.84	1.58



**Hisham Ezz El-Arab**  
 Chairman and Managing Director

## Consolidated Cash Flow For The Period Ended June 30, 2015

	Jun. 30, 2015 EGP Thousands	Jun. 30, 2014 EGP Thousands
<b>Cash flow from operating activities</b>		
Profit before income tax	3,292,041	2,598,781
<b>Adjustments to reconcile net profit to net cash provided by operating activities</b>		
Depreciation	110,349	104,686
Impairment charge for credit losses	648,442	359,160
Other provisions charges	48,144	102,316
Trading financial investments revaluation differences	276,043	(42,980)
Available for sale and held to maturity investments exchange revaluation differences	(69,351)	(38,176)
Financial investments impairment charge (release)	(17,226)	8,447
Utilization of other provisions	(662)	(6,504)
Exchange differences of other provisions	9,542	5,411
Profits from selling property, plant and equipment	(798)	(392)
Profits from selling financial investments	(177,395)	(9,408)
Shares based payments	85,218	54,630
Investments in associates revaluation	(30,475)	(17,311)
Real estate investments revaluation	(24,299)	-
<b>Operating profits before changes in operating assets and liabilities</b>	<b>4,149,573</b>	<b>3,118,660</b>
<b>Net decrease (increase) in assets and liabilities</b>		
Due from banks	(3,812,186)	(3,636,603)
Treasury bills and other governmental notes	2,116,239	953,655
Trading financial assets	(2,519,413)	(902,208)
Derivative financial instruments	(20,771)	20,374
Loans and advances to banks and customers	(6,404,839)	(3,555,450)
Other assets	(224,710)	(744,548)
Due to banks	(532,131)	(690,043)
Due to customers	20,894,041	14,054,450
Income tax obligations paid	(1,814,609)	(1,179,709)
Other liabilities	(476,934)	275,070
<b>Net cash provided from operating activities</b>	<b>11,354,260</b>	<b>7,713,648</b>
<b>Cash flow from investing activities</b>		
Purchase of subsidiary and associates	-	(6,167)
Purchases of property, plant and equipment	(166,488)	(122,742)
Redemption of held to maturity financial investments	3,416,433	3,132
Purchases of held to maturity financial investments	(4,019,548)	(4,794,949)
Purchases of available for sale financial investments	(13,050,692)	(6,192,434)
Proceeds from selling available for sale financial investments	2,669,457	2,801,705
Purchases of real estate investments	-	5,640
<b>Net cash generated from (used in) investing activities</b>	<b>(11,150,838)</b>	<b>(8,305,815)</b>

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

	Jun. 30, 2015 EGP Thousands	Jun. 30, 2014 EGP Thousands
<b>Cash flow from financing activities</b>		
Increase (decrease) in long term loans	(36,904)	80,035
Dividend paid	(1,563,646)	(1,253,338)
Capital increase	94,748	79,299
<b>Net cash generated from (used in) financing activities</b>	<u>(1,505,802)</u>	<u>(1,094,004)</u>
Net increase (decrease) in cash and cash equivalent during the period	(1,302,380)	(1,686,171)
Beginning balance of cash and cash equivalent	<u>15,062,901</u>	<u>11,991,673</u>
<b>Cash and cash equivalent at the end of the period</b>	<u>13,760,521</u>	<u>10,305,502</u>
<b>Cash and cash equivalent comprise:</b>		
Cash and balances with Central Bank	12,668,642	6,173,381
Due from banks	8,728,922	11,629,599
Treasury bills and other governmental notes	26,569,148	20,668,152
Obligatory reserve balance with CBE	(10,528,028)	(4,298,440)
Due from banks (time deposits) more than three months	(3,684,216)	(7,608,107)
Treasury bills with maturity more than three months	<u>(19,993,947)</u>	<u>(16,259,083)</u>
<b>Total cash and cash equivalent</b>	<u>13,760,521</u>	<u>10,305,502</u>

**Consolidated Statement Of Changes In Shareholders' Equity For The Period Ended June 30, 2014**

Jun. 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	(720,479)	1,991	3,108,214	190,260	11,959,712	47,414	12,007,126
Capital increase	79,299	-	-	-	-	-	-	-	-	79,299	-	79,299
Transferred to reserves	-	130,719	1,444,406	-	741	-	-	(1,463,514)	(112,352)	-	-	-
Transferred to retained earnings (losses)	-	-	-	391,362	-	-	-	(391,362)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	(1,253,338)	-	(1,253,338)	-	(1,253,338)
Net profit of the year	-	-	-	-	-	-	-	1,737,322	-	1,737,322	721	1,738,043
Change in owner ship percentage	-	-	-	9	-	-	-	-	-	9	(9)	-
Net unrealised gain/(loss) on AFS	-	-	-	-	-	387,848	-	-	-	387,848	-	387,848
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	54,630	54,630	-	54,630
Balance at the end of the period	9,081,734	621,084	1,850,496	(155,160)	28,108	(332,631)	1,991	1,737,322	132,538	12,965,482	48,126	13,013,608

EGP Thousands



Consolidated Statement Of Changes In Shareholders' Equity For The Period Ended June 30, 2015

Jun. 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	(593,236)	1,991	3,741,456	177,765	14,754,238	49,194	14,803,432
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 earnings (losses)	-	-	-	93,926	-	-	-	(93,926)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	(1,563,646)	-	(1,563,646)	-	(1,563,646)
Net profit of the period	-	-	-	-	-	-	-	2,255,698	-	2,255,698	212	2,255,910
Change in owner ship percentage	-	-	-	1,368	-	-	-	-	-	1,368	(1,368)	-
Net unrealised gain/(loss) on AFS	-	-	-	-	-	(769,771)	-	-	-	(769,771)	-	(769,771)
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	85,218	-	-	85,218
Balance at the end of the period	9,176,482	803,355	3,812,494	(59,866)	30,214	(1,363,007)	2,513	2,255,698	199,970	14,857,853	48,038	14,905,891

EGP Thousands

## Notes to the consolidated financial statements for the period ended June 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 142 branches, and 25 units employing 5575 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 9<sup>th</sup>, 2005 under the capital market law no. 95 of 1992 and its executive regulations. Financial register no. 166798 on April 10<sup>th</sup>, 2005 and the company have been licensed by the Capital Market Authority to carry out its activities under license no. 353 on May 24<sup>th</sup>, 2006.

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

Company name	No. of shares	Ownership%	Indirect Share%
<input type="checkbox"/> CIBC Co.	1,979,290	98.96	98.94
<input type="checkbox"/> CI Assets Management	478,577	95.72	95.70
<input type="checkbox"/> CI Investment Banking Co.	3,981,578	99.54	99.52
<input type="checkbox"/> Dynamic Brokerage Co.	3,393,500	99.97	99.95

### 2. Summary of accounting policies

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

#### 2.1. Basis of preparation

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

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

##### 2.1.1. Basis of consolidation

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

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

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

#### 2.2. Subsidiaries and associates

##### 2.2.1. Subsidiaries

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

### 2.2.2. Associates

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

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

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

### 2.3. Segment reporting

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

### 2.4. Foreign currency translation

#### 2.4.1. Functional and presentation currency

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

#### 2.4.2. Transactions and balances in foreign currencies

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

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

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

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

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

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

### 2.5. Financial assets

The Bank classifies its financial assets in the following categories:

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

Management determines the classification of its investments at initial recognition.

#### 2.5.1. Financial assets at fair value through profit or loss

This category has two sub-categories:

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

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

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

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

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

#### **2.5.2. Loans and advances**

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

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

#### **2.5.3. Held to maturity financial investments**

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

#### **2.5.4. Available for sale financial investments**

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

The following are applied in respect to all financial assets:

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

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

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

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

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

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

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

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

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

## **2.6. Offsetting financial instruments**

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

## **2.7. Derivative financial instruments and hedge accounting**

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

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

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

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

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

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

### **2.7.1. Fair value hedge**

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

attributable to the hedged risk are recognized in the 'net interest income' line item of the income statement. Any ineffectiveness is recognized in profit or loss in 'net trading income'.

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

#### 2.7.2. Derivatives that do not qualify for hedge accounting

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

### 2.8. Interest income and expense

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

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

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

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

### 2.9. Fee and commission income

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

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

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

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

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

Operating revenues in the holding company are:

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

## 2.10. Dividend income

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

## 2.11. Sale and repurchase agreements

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

## 2.12. Impairment of financial assets

### 2.12.1. Financial assets carried at amortised cost

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

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

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

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

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

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

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

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

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

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

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

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

#### **2.12.2. Available for sale investments**

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

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

#### **2.13. Real estate investments**

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

#### **2.14. Property, plant and equipment**

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

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

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

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

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

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

#### **2.15. Impairment of non-financial assets**

Assets that have an indefinite useful life are not amortized -except goodwill- and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount



may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

#### **2.15.1. Goodwill**

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

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

#### **2.15.2. Other intangible assets**

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

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

### **2.16. Leases**

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

#### **2.16.1. Being lessee**

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

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

#### **2.16.2. Being lessor**

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

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

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

### **2.17. Cash and cash equivalents**

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

### **2.18. Other provisions**

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

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

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

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

#### **2.19. Share based payments**

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

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

#### **2.20. Income tax**

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

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

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

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

#### **2.21. Borrowings**

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

#### **2.22. Dividends**

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

#### **2.23. Comparatives**

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

### **3. Financial risk management**

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

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

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

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

### 3.1. Credit risk

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

#### 3.1.1. Credit risk measurement

##### 3.1.1.1. Loans and advances to banks and customers

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

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

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

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

##### Bank's rating description of the grade

1	performing loans
2	regular watching
3	watch list
4	non-performing loans

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

##### 3.1.1.2. Debt instruments and treasury and other bills

For debt instruments and bills, external rating such as standard and poor's rating or their equivalents are used for managing of the credit risk exposures, and if this rating is not available, then other ways similar to those used with the credit customers are used. 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:

Bank's rating	June 30, 2015		December 31, 2014	
	<u>Loans and advances</u> (%)	<u>Impairment provision</u> (%)	<u>Loans and advances</u> (%)	<u>Impairment provision</u> (%)
1-Performing loans	<b>83.48</b>	<b>33.04</b>	86.55	33.91
2-Regular watching	<b>9.56</b>	<b>12.11</b>	6.77	11.24
3-Watch list	<b>2.42</b>	<b>11.62</b>	1.97	5.53
4-Non-Performing Loans	<b>4.54</b>	<b>43.23</b>	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

	Jun. 30, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
<b>In balance sheet items exposed to credit risk</b>		
Treasury bills and other governmental notes	27,172,028	30,471,115
<b>Trading financial assets:</b>		
- Debt instruments	5,584,016	3,335,297
Gross loans and advances to banks	49,487	132,673
Less: Impairment provision	(15,305)	(14,582)
<b>Gross loans and advances to customers</b>		
<b>Individual:</b>		
- Overdraft	1,541,120	1,438,217
- Credit cards	1,129,164	1,010,014
- Personal loans	7,104,388	5,729,054
- Mortgages	311,803	325,266
- Other loans	20,898	20,934
<b>Corporate:</b>		
- Overdraft	9,648,503	6,598,541
- Direct loans	26,664,731	25,008,383
- Syndicated loans	12,637,752	12,645,169
- Other loans	149,687	216,429
Unamortized bills discount	(2,367)	(5,568)
Impairment provision	(3,794,455)	(3,441,757)
Unearned interest	(885,288)	(859,052)
Derivative financial instruments	76,532	52,188
<b>Financial investments:</b>		
-Debt instruments	46,623,881	36,383,095
-Investments in associates	212,136	181,661
<b>Total</b>	<b>134,228,711</b>	<b>119,227,077</b>
<b>Off balance sheet items exposed to credit risk</b>		
Financial guarantees	2,407,050	2,453,307
Customers acceptances	478,563	757,509
Letter of credit	1,014,855	1,289,834
Letter of guarantee	26,103,730	23,262,617
<b>Total</b>	<b>30,004,198</b>	<b>27,763,267</b>

The above table represents the Bank Maximum exposure to credit risk on June 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 40.65% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represents 38.89%.

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

- 93.04% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- 95.51% of loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed individually are valued EGP 2,689,641.
- The Bank has implemented more prudent processes when granting loans and advances during the financial period ended on June 30, 2015.
- 97.12% of the investments in debt Instruments are Egyptian sovereign instruments.

**3.1.6. Loans and advances**

Loans and advances are summarized as follows:

	Jun.30, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
	Loans and advances to customers	Loans and advances to customers
	Loans and advances to banks	Loans and advances to banks
Neither past due nor impaired	53,894,901	48,117,365
Past due but not impaired	2,649,928	2,397,998
Individually impaired	2,663,217	2,476,644
<b>Gross</b>	<b>59,208,046</b>	<b>52,992,007</b>
<b>Less:</b>		
Impairment provision	3,794,455	14,582
Unamortized bills discount	2,367	-
Unearned interest	885,288	859,052
<b>Net</b>	<b>54,525,936</b>	<b>48,685,630</b>

Impairment provision losses for loans and advances reached EGP 3,809,760 thousand.

During the year the Bank's total loans and advances increased by 11.54% .

In order to minimize the probable 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):**

Jun. 30, 2015	Corporate						EGP Thousands			
	Individual	Personal loans	Mortgages	Direct loans	Syndicated loans	Other loans				
<b>Grades:</b>	<b>Overdrafts</b>	<b>Credit cards</b>	<b>Personal loans</b>	<b>Mortgages</b>	<b>Overdraft</b>	<b>Direct loans</b>	<b>Syndicated loans</b>	<b>Other loans</b>	<b>Total loans and advances to customers</b>	<b>Total loans and advances to banks</b>
Performing loans	1,409,513	1,082,805	6,744,695	298,857	8,214,778	20,632,376	9,670,173	134,945	48,188,142	21,792
Regular watching	100,564	25,254	138,536	-	656,622	2,554,594	1,719,883	7,620	5,203,073	999
Watch list	5,235	7,228	53,180	-	26,942	854,994	43,626	-	991,205	-
Non-performing loans	13,128	4,492	61,641	2,238	205,075	428,595	316,002	-	1,031,171	11,591
<b>Total</b>	<b>1,528,440</b>	<b>1,119,779</b>	<b>6,998,052</b>	<b>301,095</b>	<b>9,103,417</b>	<b>24,470,559</b>	<b>11,749,684</b>	<b>142,565</b>	<b>55,413,591</b>	<b>34,182</b>
<b>Dec. 31, 2014</b>	Corporate						EGP Thousands			
<b>Grades:</b>	<b>Overdrafts</b>	<b>Credit cards</b>	<b>Personal loans</b>	<b>Mortgages</b>	<b>Overdraft</b>	<b>Direct loans</b>	<b>Syndicated loans</b>	<b>Other loans</b>	<b>Total loans and advances to customers</b>	<b>Total loans and advances to banks</b>
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
<b>Total</b>	<b>1,427,667</b>	<b>1,002,580</b>	<b>5,647,901</b>	<b>316,844</b>	<b>6,106,778</b>	<b>22,835,957</b>	<b>12,000,944</b>	<b>211,579</b>	<b>49,550,250</b>	<b>118,091</b>

**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.

**Jun.30, 2015**

	Individual			Corporate					
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Past due up to 30 days	425,726	198,118	15,591	821	640,256	610,914	853,665	57,910	1,522,489
Past due 30 - 60 days	100,666	26,488	8,403	101	135,658	20,670	59,896	-	80,566
Past due 60-90 days	5,450	8,490	5,215	6	19,161	110,498	141,300	-	251,798
Total	531,842	233,096	29,209	928	795,075	742,082	1,054,861	57,910	1,854,853

**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 2,689,641 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				
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Total
<b>Jun.30, 2015</b>	<b>19,460</b>	<b>8,445</b>	<b>126,075</b>	<b>9,863</b>	<b>20,898</b>	<b>513,811</b>	<b>1,219,736</b>	<b>771,353</b>	<b>2,689,641</b>
<b>Dec.31, 2014</b>	<b>17,136</b>	<b>5,369</b>	<b>106,254</b>	<b>6,791</b>	<b>20,926</b>	<b>518,995</b>	<b>1,542,051</b>	<b>284,178</b>	<b>2,501,700</b>

**Loans and advances restructured**

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

**Jun.30, 2015**      **Dec.31, 2014**
**Loans and advances to**
**Corporate**

- Direct loans

	3,142,994	3,243,393
<b>Total</b>	<b>3,142,994</b>	<b>3,243,393</b>



**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

Jun.30, 2015	Treasury bills and other gov. notes	Trading financial debt instruments	Non-trading financial debt instruments	Total
AAA	-	-	216,524	216,524
AA- to AA+	-	-	295,649	295,649
A- to A+	-	-	74,129	74,129
Lower than A-	-	-	1,130,180	1,130,180
Unrated	26,569,148	5,584,016	44,907,399	77,060,563
<b>Total</b>	<b>26,569,148</b>	<b>5,584,016</b>	<b>46,623,881</b>	<b>78,777,045</b>

**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.

Jun.30, 2015	<u>Cairo</u>	<u>Alex, Delta and Sinai</u>	<u>Upper Egypt</u>	<u>Total</u>
Treasury bills and other governmental notes	27,172,028	-	-	27,172,028
<b>Trading financial assets:</b>				
- Debt instruments	5,584,016	-	-	5,584,016
Gross loans and advances to banks	49,487	-	-	49,487
Less: Impairment provision	(15,305)	-	-	(15,305)
<b>Gross loans and advances to customers</b>				
<b>Individual:</b>				
- Overdrafts	872,118	493,409	175,593	1,541,120
- Credit cards	843,720	238,172	47,272	1,129,164
- Personal loans	4,251,719	2,114,527	738,142	7,104,388
- Mortgages	262,261	42,845	6,697	311,803
- Other loans	-	20,898	-	20,898
<b>Corporate:</b>				
- Overdrafts	8,154,532	1,408,731	85,240	9,648,503
- Direct loans	19,854,049	6,376,405	434,277	26,664,731
- Syndicated loans	10,912,037	1,725,715	-	12,637,752
- Other loans	117,687	32,000	-	149,687
Unamortized bills discount	(2,367)	-	-	(2,367)
Impairment provision	(3,794,455)	-	-	(3,794,455)
Unearned interest	(700,541)	(180,126)	(4,621)	(885,288)
Derivative financial instruments	76,532	-	-	76,532
<b>Financial investments:</b>				
- Debt instruments	46,623,881	-	-	46,623,881
- Investments in associates	212,136	-	-	212,136
<b>Total</b>	<b>120,473,535</b>	<b>12,272,576</b>	<b>1,482,600</b>	<b>134,228,711</b>

### 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.

Jun.30, 2015	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Treasury bills and other governmental notes	-	-	-	-	27,172,028	-	-	27,172,028
<b>Trading financial assets:</b>								
- Debt instruments	-	-	-	-	5,584,016	-	-	5,584,016
Gross loans and advances to banks	49,487	-	-	-	-	-	-	49,487
Less: Impairment provision	(15,305)	-	-	-	-	-	-	(15,305)
<b>Gross loans and advances to customers</b>								
<b>Individual:</b>								
- Overdrafts	-	-	-	-	-	-	1,541,120	1,541,120
- Credit cards	-	-	-	-	-	-	1,129,164	1,129,164
- Personal loans	-	-	-	-	-	-	7,104,388	7,104,388
- Mortgages	-	-	-	-	-	-	311,803	311,803
- Other loans	-	-	-	-	-	-	20,898	20,898
<b>Corporate:</b>								
- Overdrafts	70,410	3,310,182	714,555	658,773	1,018,765	3,875,818	-	9,648,503
- Direct loans	1,127,024	12,937,434	461,216	437,314	2,748,108	8,953,635	-	26,664,731
- Syndicated loans	-	6,590,387	510,613	-	4,405,328	1,131,424	-	12,637,752
- Other loans	13,125	116,112	-	11,110	-	9,340	-	149,687
Unamortized bills discount	(2,367)	-	-	-	-	-	-	(2,367)
Impairment provision	(23,112)	(1,974,393)	(13,441)	(17,699)	(23,165)	(1,582,638)	(160,007)	(3,794,455)
Unearned interest	(7,937)	(501,987)	-	(22)	-	(359,067)	(16,275)	(885,288)
Derivative financial instruments	76,532	-	-	-	-	-	-	76,532
<b>Financial investments:</b>								
- Debt instruments	1,289,109	-	-	-	45,334,772	-	-	46,623,881
- Investments in subsidiary and associates	212,136	-	-	-	-	-	-	212,136
<b>Total</b>	<b>2,789,102</b>	<b>20,477,735</b>	<b>1,672,943</b>	<b>1,089,476</b>	<b>86,239,852</b>	<b>12,028,512</b>	<b>9,931,091</b>	<b>134,228,711</b>

### 3.2. Market risk

Market risk represented as fluctuations in fair value or future cash flow, including foreign exchange rates and commodity prices, interest rates, credit spreads and equity prices will reduce the Bank's income or the value of its portfolios. The Bank separates exposures to market risk into trading or non-trading portfolios. Market risks are measured, monitored and controlled by the market risk management department. In addition, regular reports are submitted to the Asset and Liability Management Committee (ALCO), Board Risk Committee and the heads of each business unit.

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

#### 3.2.1. Market risk measurement techniques

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

### 3.2.1.1. Value at Risk

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

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

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

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

### 3.2.1.2. Stress tests

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

### 3.2.2. Value at risk (VaR) Summary

Total VaR by risk type	Jun.30, 2015			Dec.31, 2014		
	Medium	High	Low	Medium	High	Low
	EGP Thousands					
Foreign exchange risk	302	1,894	5	42	351	3
<b>Interest rate risk</b>	<b>133,334</b>	<b>258,851</b>	<b>96,690</b>	<b>81,711</b>	<b>125,871</b>	<b>63,594</b>
- For non trading purposes	113,708	217,625	88,109	70,306	107,791	56,307
- For trading purposes	19,626	41,227	8,581	11,405	18,080	7,288
Equities risk	-	-	-	84	141	-
Portfolio managed by others risk	6,030	7,426	5,062	4,132	6,817	1,108
Investment fund	382	492	317	357	549	223
<b>Total VaR</b>	<b>133,564</b>	<b>259,147</b>	<b>96,889</b>	<b>81,859</b>	<b>126,094</b>	<b>63,618</b>

### Trading portfolio VaR by risk type

Trading portfolio VaR by risk type	Jun.30, 2015			Dec.31, 2014		
	Medium	High	Low	Medium	High	Low
	EGP Thousands					
Foreign exchange risk	302	1,894	5	42	351	3
<b>Interest rate risk</b>	<b>19,626</b>	<b>41,227</b>	<b>8,581</b>	<b>11,405</b>	<b>18,080</b>	<b>7,288</b>
- For trading purposes	19,626	41,227	8,581	11,405	18,080	7,288
Equities risk	-	-	-	84	141	-
Funds managed by others risk	6,030	7,426	5,062	4,132	6,817	1,108
Investment fund	382	492	317	357	549	223
<b>Total VaR</b>	<b>20,888</b>	<b>41,655</b>	<b>11,345</b>	<b>12,451</b>	<b>18,815</b>	<b>8,790</b>

### Non trading portfolio VaR by risk type

Non trading portfolio VaR by risk type	Jun.30, 2015			Dec.31, 2014		
	Medium	High	Low	Medium	High	Low
	EGP Thousands					
<b>Interest rate risk</b>	<b>113,708</b>	<b>217,625</b>	<b>88,109</b>	<b>70,306</b>	<b>107,791</b>	<b>56,307</b>
- For non trading purposes	113,708	217,625	88,109	70,306	107,791	56,307
<b>Total VaR</b>	<b>113,708</b>	<b>217,625</b>	<b>88,109</b>	<b>70,306</b>	<b>107,791</b>	<b>56,307</b>

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.

	<u>EGP</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>Other</u>	<u>Total</u>
Equivalent EGP Thousands						
<b>Jun.30, 2015</b>						
<b>Financial assets</b>						
Cash and balances with Central Bank	12,017,666	427,449	110,913	48,671	63,943	12,668,642
Due from banks	357,040	5,834,715	2,020,853	401,017	115,297	8,728,922
Treasury bills and other governmental notes	23,272,386	4,256,766	159,039	-	-	27,688,191
Trading financial assets	6,006,088	-	-	-	-	6,006,088
Gross loans and advances to banks	-	49,487	-	-	-	49,487
Gross loans and advances to customers	34,195,080	23,689,301	1,072,542	91,240	159,883	59,208,046
Derivative financial instruments	50,088	26,428	16	-	-	76,532
<b>Financial investments</b>						
- Available for sale	35,445,480	2,132,078	-	-	-	37,577,558
- Held to maturity	9,763,861	-	-	-	-	9,763,861
Investments in associates	215,378	(3,242)	-	-	-	212,136
<b>Total financial assets</b>	<b>121,323,067</b>	<b>36,412,982</b>	<b>3,363,363</b>	<b>540,928</b>	<b>339,123</b>	<b>161,979,463</b>
<b>Financial liabilities</b>						
Due to banks	30,137	560,741	1,427	6,496	453	599,254
Due to customers	105,131,100	32,505,918	4,529,917	531,922	170,143	142,869,000
Derivative financial instruments	101,233	39,515	-	-	-	140,748
Long term loans	205,974	-	-	-	-	205,974
<b>Total financial liabilities</b>	<b>105,468,444</b>	<b>33,106,174</b>	<b>4,531,344</b>	<b>538,418</b>	<b>170,596</b>	<b>143,814,976</b>
<b>Net on-balance sheet financial position</b>	<b>15,854,623</b>	<b>3,306,808</b>	<b>(1,167,981)</b>	<b>2,510</b>	<b>168,527</b>	<b>18,164,487</b>

### 3.2.4. Interest rate risk

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

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

**Jun.30, 2015**

	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Non- Interest Bearing</b>	<b>Total</b>
<b>Financial assets</b>							
Cash and balances with Central Bank	-	-	-	-	-	12,668,642	12,668,642
Due from banks	4,430,247	4,095,912	142,521	-	-	60,242	8,728,922
Treasury bills and other governmental notes*	1,522,225	5,172,254	20,993,712	-	-	-	27,688,191
Trading financial assets	451,576	-	-	3,214,658	2,121,234	218,620	6,006,088
Gross loans and advances to banks	2,904	4,160	-	42,423	-	-	49,487
Gross loans and advances to customers	33,827,515	10,880,894	9,166,790	4,525,967	806,880	-	59,208,046
Derivatives financial instruments (including IRS notional amount)	376,763	170,053	437,879	5,775,172	158,132	-	6,917,999
<b>Financial investments</b>							
- Available for sale	1,582,000	1,316,069	2,198,185	22,820,119	9,055,383	605,802	37,577,558
- Held to maturity	499,999	-	216	9,026,183	237,463	-	9,763,861
Investments in associates	-	-	-	-	-	212,136	212,136
<b>Total financial assets</b>	<b>42,693,229</b>	<b>21,639,342</b>	<b>32,939,303</b>	<b>45,404,522</b>	<b>12,379,092</b>	<b>13,765,442</b>	<b>168,820,930</b>
<b>Financial liabilities</b>							
Due to banks	269,019	210,843	-	-	-	119,392	599,254
Due to customers	58,978,588	10,501,468	15,457,271	30,394,875	1,290,156	26,246,642	142,869,000
Derivatives financial instruments (including IRS notional amount)	2,751,565	3,919,993	18,972	278,614	-	38,493	7,007,637
Long term loans	56,136	33,774	71,847	44,217	-	-	205,974
<b>Total financial liabilities</b>	<b>62,055,308</b>	<b>14,666,078</b>	<b>15,548,090</b>	<b>30,717,706</b>	<b>1,290,156</b>	<b>26,404,527</b>	<b>150,681,865</b>
<b>Total interest re-pricing gap</b>	<b>(19,362,079)</b>	<b>6,973,264</b>	<b>17,391,213</b>	<b>14,686,816</b>	<b>11,088,936</b>	<b>(12,639,085)</b>	<b>18,139,065</b>

\* 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 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.

	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP Thousands
<b>Jun.30, 2015</b>						
<b>Financial liabilities</b>						
Due to banks	388,411	210,843	-	-	-	599,254
Due to customers	15,384,169	16,535,822	42,061,461	66,540,275	2,347,273	142,869,000
Long term loans	56,136	33,774	71,847	44,217	-	205,974
<b>Total liabilities (contractual and non contractual maturity dates)</b>	<b>15,828,716</b>	<b>16,780,439</b>	<b>42,133,308</b>	<b>66,584,492</b>	<b>2,347,273</b>	<b>143,674,228</b>
<b>Total financial assets (contractual and non contractual maturity dates)</b>	<b>20,244,739</b>	<b>17,929,440</b>	<b>35,387,612</b>	<b>68,489,618</b>	<b>20,473,906</b>	<b>162,525,315</b>
<b>Dec.31, 2014</b>						
<b>Financial liabilities</b>						
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
<b>Total liabilities (contractual and non contractual maturity dates)</b>	<b>20,175,906</b>	<b>18,462,012</b>	<b>41,832,161</b>	<b>41,083,219</b>	<b>1,795,924</b>	<b>123,349,222</b>
<b>Total financial assets (contractual and non contractual maturity dates)</b>	<b>20,615,797</b>	<b>17,495,479</b>	<b>39,589,765</b>	<b>52,400,429</b>	<b>13,549,584</b>	<b>143,651,054</b>

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

Jun.30, 2015	<u>Up to 1 month</u>	<u>One to three months</u>	<u>Three months to one year</u>	<u>One year to five years</u>	<u>Over five years</u>	<u>Total</u>
<b>Liabilities</b>						
<b>Derivatives financial instruments</b>						
- Foreign exchange derivatives	77,690	13,876	10,689	-	-	102,255
- Interest rate derivatives	-	-	-	35,882	2,611	38,493
<b>Total</b>	<b>77,690</b>	<b>13,876</b>	<b>10,689</b>	<b>35,882</b>	<b>2,611</b>	<b>140,748</b>

#### Off balance sheet items

##### Jun.30, 2015

Letters of credit, guarantees and other commitments

	<u>Up to 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	17,180,353	10,273,729	143,066	27,597,148
<b>Total</b>	<b>17,180,353</b>	<b>10,273,729</b>	<b>143,066</b>	<b>27,597,148</b>

	<u>Up to 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Loans commitments (Customers limit authorized not utilized)	18,058,112	1,647,464	210,726	19,916,302
<b>Total</b>	<b>18,058,112</b>	<b>1,647,464</b>	<b>210,726</b>	<b>19,916,302</b>

### 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.

	<u>Book value</u>		<u>Fair value</u>	
	<u>Jun.30, 2015</u>	<u>Dec.31, 2014</u>	<u>Jun.30, 2015</u>	<u>Dec.31, 2014</u>
<b>Financial assets</b>				
Due from banks	8,728,922	9,521,999	8,728,922	9,521,999
Gross loans and advances to banks	49,487	132,673	49,487	132,673
<b>Gross loans and advances to customers</b>				
- Individual	10,107,373	8,523,485	10,107,373	8,523,485
- Corporate	49,100,673	44,468,522	49,100,673	44,468,522
<b>Financial investments</b>				
Held to Maturity	9,763,861	9,160,746	9,763,861	9,160,746
<b>Total financial assets</b>	<b>77,750,316</b>	<b>71,807,425</b>	<b>77,750,316</b>	<b>71,807,425</b>
<b>Financial liabilities</b>				
Due to banks	599,254	1,131,385	599,254	1,131,385
Due to customers	142,869,000	121,974,959	142,869,000	121,974,959
Long term loans	205,974	242,878	205,974	242,878
<b>Total financial liabilities</b>	<b>143,674,228</b>	<b>123,349,222</b>	<b>143,674,228</b>	<b>123,349,222</b>

#### 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 consideration the cash collatral. 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 tier 1, tier 2 and the capital adequacy ratio .

**According to Basel II :**

	Jun.30, 2015	Dec.31, 2014
	EGP Thousands	EGP Thousands
		Restated**
<b>Tier 1 capital</b>		
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	<u>(1,498,729)</u>	<u>(625,080)</u>
<b>Total qualifying tier 1 capital</b>	<u>12,358,056</u>	<u>13,135,589</u>
<b>Tier 2 capital</b>		
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	12,322	15,763
Impairment provision for loans and regular contingent liabilities	<u>914,112</u>	<u>879,836</u>
<b>Total qualifying tier 2 capital</b>	<u>926,483</u>	<u>895,648</u>
<b>Total capital 1+2</b>	<u>13,284,539</u>	<u>14,031,237</u>
<b>Risk weighted assets and contingent liabilities</b>		
Total credit risk	73,175,340	70,426,788
Total market risk	4,116,383	3,179,692
Total operational risk	<u>10,064,534</u>	<u>10,064,534</u>
<b>Total</b>	<u>87,356,257</u>	<u>83,671,014</u>
<b>*Capital adequacy ratio (%)</b>	<b>15.21%</b>	16.77%

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

\*\*After 2014 profit distribution.

#### 4. Critical accounting estimates and judgments

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

##### 4.1. Impairment losses on loans and advances

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

##### 4.2. Impairment of available-for-sale equity investments

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

##### 4.3. Fair value of derivatives

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

#### 4.4 Held-to-Maturity investments

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

### 5. Segment analysis

#### 5.1. By business segment

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

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

	EGP Thousands				
	<u>Corporate banking</u>	<u>SME's</u>	<u>Investment banking</u>	<u>Retail banking</u>	<u>Total</u>
<b>Jun.30, 2015</b>					
Revenue according to business segment	3,195,768	523,230	240,722	1,212,300	5,172,020
Expenses according to business segment	<u>(1,078,583)</u>	<u>(320,903)</u>	<u>(10,984)</u>	<u>(469,721)</u>	<u>(1,880,191)</u>
Profit before tax	2,117,185	202,327	229,738	742,579	3,291,829
Tax	<u>(697,823)</u>	<u>(64,527)</u>	<u>(36,957)</u>	<u>(236,824)</u>	<u>(1,036,131)</u>
Profit for the period	<u>1,419,362</u>	<u>137,800</u>	<u>192,781</u>	<u>505,755</u>	<u>2,255,698</u>
Total assets	147,792,253	1,059,063	661,705	13,635,805	163,148,826
	<u>Corporate banking</u>	<u>SME's</u>	<u>Investment banking</u>	<u>Retail banking</u>	<u>Total</u>
<b>Dec.31, 2014</b>					
Revenue according to business segment	5,341,245	922,342	110,965	1,967,225	8,341,777
Expenses according to business segment	<u>(1,425,955)</u>	<u>(401,102)</u>	<u>(15,917)</u>	<u>(964,254)</u>	<u>(2,807,228)</u>
Profit before tax	3,915,290	521,240	95,048	1,002,971	5,534,549
Tax	<u>(1,292,163)</u>	<u>(170,703)</u>	<u>(1,760)</u>	<u>(328,467)</u>	<u>(1,793,093)</u>
Profit for the year	<u>2,623,127</u>	<u>350,537</u>	<u>93,288</u>	<u>674,504</u>	<u>3,741,456</u>
Total assets	130,788,473	1,043,034	997,115	10,984,700	143,813,322
	<u>Cairo</u>	<u>Alex, Delta &amp; Sinai</u>	<u>Upper Egypt</u>	<u>Total</u>	
<b>Jun.30, 2015</b>					
Revenue according to geographical segment	4,394,080	672,089	105,851	5,172,020	
Expenses according to geographical segment	<u>(1,550,556)</u>	<u>(267,408)</u>	<u>(62,227)</u>	<u>(1,880,191)</u>	
Profit before tax	2,843,524	404,681	43,624	3,291,829	
Tax	<u>(893,158)</u>	<u>(129,060)</u>	<u>(13,913)</u>	<u>(1,036,131)</u>	
Profit for the period	<u>1,950,366</u>	<u>275,621</u>	<u>29,711</u>	<u>2,255,698</u>	
Total assets	147,764,709	13,591,918	1,792,199	163,148,826	
	<u>Cairo</u>	<u>Alex, Delta &amp; Sinai</u>	<u>Upper Egypt</u>	<u>Total</u>	
<b>Dec.31, 2014</b>					
Revenue according to geographical segment	7,052,514	1,027,532	261,731	8,341,777	
Expenses according to geographical segment	<u>(2,236,547)</u>	<u>(468,508)</u>	<u>(102,173)</u>	<u>(2,807,228)</u>	
Profit before tax	4,815,967	559,024	159,558	5,534,549	
Tax	<u>(1,557,762)</u>	<u>(183,077)</u>	<u>(52,254)</u>	<u>(1,793,093)</u>	
Profit for the year	<u>3,258,205</u>	<u>375,947</u>	<u>107,304</u>	<u>3,741,456</u>	
Total assets	131,901,158	10,839,735	1,072,429	143,813,322	

6 . Net interest income	Last 3 Months	Last 6 Months	Last 3 Months	Last 6 Months
	Jun.30, 2015	Jun.30, 2015	Jun.30, 2014	Jun.30, 2014
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
<b>Interest and similar income</b>				
- Banks	43,708	103,801	33,614	61,054
- Clients	1,251,034	2,438,046	976,055	1,898,286
	<u>1,294,742</u>	<u>2,541,847</u>	<u>1,009,669</u>	<u>1,959,340</u>
Treasury bills and bonds	2,209,289	4,295,981	1,657,667	3,239,214
Reverse repos	411	2,338	1,177	1,177
Financial investments in held to maturity and available for sale debt instruments	<u>25,296</u>	<u>56,030</u>	<u>34,645</u>	<u>65,289</u>
<b>Total</b>	<u><u>3,529,738</u></u>	<u><u>6,896,196</u></u>	<u><u>2,703,158</u></u>	<u><u>5,265,020</u></u>
<b>Interest and similar expense</b>				
- Banks	(21,317)	(45,400)	(19,966)	(46,693)
- Clients	<u>(1,578,776)</u>	<u>(3,064,413)</u>	<u>(1,250,295)</u>	<u>(2,415,693)</u>
	<u>(1,600,093)</u>	<u>(3,109,813)</u>	<u>(1,270,261)</u>	<u>(2,462,386)</u>
Financial instruments purchased with a commitment to re-sale (Repos)	(3,823)	(4,753)	-	-
Other	<u>(717)</u>	<u>(832)</u>	<u>-</u>	<u>(543)</u>
<b>Total</b>	<u><u>(1,604,633)</u></u>	<u><u>(3,115,398)</u></u>	<u><u>(1,270,261)</u></u>	<u><u>(2,462,929)</u></u>
<b>Net interest income</b>	<u><u>1,925,105</u></u>	<u><u>3,780,798</u></u>	<u><u>1,432,897</u></u>	<u><u>2,802,091</u></u>
<b>7 . Net fee and commission income</b>				
<b>Fee and commission income</b>				
Fee and commissions related to credit	232,098	500,984	218,074	438,695
Custody fee	83,583	180,841	106,295	177,867
Other fee	<u>210,034</u>	<u>379,414</u>	<u>174,789</u>	<u>293,200</u>
<b>Total</b>	<u>525,715</u>	<u>1,061,239</u>	<u>499,158</u>	<u>909,762</u>
<b>Fee and commission expense</b>				
Other fee paid	<u>(68,710)</u>	<u>(122,286)</u>	<u>(45,184)</u>	<u>(82,036)</u>
<b>Total</b>	<u><u>(68,710)</u></u>	<u><u>(122,286)</u></u>	<u><u>(45,184)</u></u>	<u><u>(82,036)</u></u>
<b>Net income from fee and commission</b>	<u><u>457,005</u></u>	<u><u>938,953</u></u>	<u><u>453,974</u></u>	<u><u>827,726</u></u>
<b>8 . Dividend income</b>				
<b>Trading securities</b>	<u>2,156</u>	<u>2,156</u>	<u>-</u>	<u>-</u>
<b>Available for sale securities</b>	<u>13,179</u>	<u>13,179</u>	<u>28,270</u>	<u>28,493</u>
<b>Total</b>	<u><u>15,335</u></u>	<u><u>15,335</u></u>	<u><u>28,270</u></u>	<u><u>28,493</u></u>
<b>9 . Net trading income</b>				
<b>Profit (losses) from foreign exchange</b>	<u>56,241</u>	<u>74,620</u>	<u>66,976</u>	<u>119,283</u>
<b>Profit (losses) from revaluations of trading assets and liabilities in foreign currencies</b>	<u>509</u>	<u>4,688</u>	<u>2,600</u>	<u>2,991</u>
<b>Profit (Loss) from forward foreign exchange deals revaluation</b>	<u>(14,930)</u>	<u>(563)</u>	<u>(6,854)</u>	<u>(8,000)</u>
<b>Profit (Loss) from interest rate swaps revaluation</b>	<u>(3,493)</u>	<u>(3,855)</u>	<u>(300)</u>	<u>120</u>
<b>Profit (Loss) from currency swap deals revaluation</b>	<u>61,729</u>	<u>(10,999)</u>	<u>(599)</u>	<u>61</u>
<b>Trading debt instruments</b>	<u>27,366</u>	<u>131,238</u>	<u>187,217</u>	<u>285,906</u>
<b>Trading equity instruments</b>	<u>(3,522)</u>	<u>(4,496)</u>	<u>64</u>	<u>1,661</u>
<b>Total</b>	<u><u>123,900</u></u>	<u><u>190,633</u></u>	<u><u>249,103</u></u>	<u><u>402,021</u></u>

10 . Administrative expenses	Last 3 Months	Last 6 Months	Last 3 Months	Last 6 Months
	Jun.30, 2015	Jun.30, 2015	Jun.30, 2014	Jun.30, 2014
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
<b>. 1.Staff costs</b>				
- Wages and salaries	(272,461)	(563,142)	(235,164)	(461,012)
- Social insurance	(8,363)	(27,086)	(7,753)	(25,570)
- Other benefits	(7,871)	(21,099)	(8,543)	(22,116)
<b>. 2.Other administrative expenses</b>	<u>(212,037)</u>	<u>(416,107)</u>	<u>(159,844)</u>	<u>(324,223)</u>
<b>Total</b>	<u><u>(500,732)</u></u>	<u><u>(1,027,434)</u></u>	<u><u>(411,304)</u></u>	<u><u>(832,921)</u></u>
<b>11 . Other operating (expenses) income</b>				
	Last 3 Months	Last 6 Months	Last 3 Months	Last 6 Months
	Jun.30, 2015	Jun.30, 2015	Jun.30, 2014	Jun.30, 2014
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Profits (Losses) from non-trading assets and liabilities revaluation	(44,370)	68,436	(8,566)	(7,766)
Profits (losses) from selling property, plant and equipment	151	798	319	392
Release (charges) of other provisions	(20,174)	(48,144)	(54,641)	(99,315)
Others	(81,894)	(167,791)	(82,020)	(189,479)
<b>Total</b>	<u><u>(146,287)</u></u>	<u><u>(146,701)</u></u>	<u><u>(144,908)</u></u>	<u><u>(296,168)</u></u>
<b>12 . Impairment (charge) release for credit losses</b>				
	Last 3 Months	Last 6 Months	Last 3 Months	Last 6 Months
	Jun.30, 2015	Jun.30, 2015	Jun.30, 2014	Jun.30, 2014
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Loans and advances to customers	(227,544)	(648,442)	(174,573)	(359,160)
<b>Total</b>	<u><u>(227,544)</u></u>	<u><u>(648,442)</u></u>	<u><u>(174,573)</u></u>	<u><u>(359,160)</u></u>
<b>13 . Adjustments to calculate the effective tax rate</b>				
	Last 3 Months	Last 6 Months	Last 3 Months	Last 6 Months
	Jun.30, 2015	Jun.30, 2015	Jun.30, 2014	Jun.30, 2014
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Profit after settlement	1,655,925	3,292,041	1,448,815	2,598,781
* Tax rate	30% - 25%	30% - 25%	30% - 25%	30% - 25%
<b>Income tax based on accounting profit</b>	<u>496,925</u>	<u>987,562</u>	<u>492,093</u>	<u>779,584</u>
<b>Add / (Deduct)</b>				
Non-deductible expenses	24,828	28,926	(7,798)	14,802
Tax exemptions	(70,458)	(86,451)	(30,114)	(42,699)
Effect of provisions	47,385	95,956	67,640	114,490
Depreciation	(87)	(174)	(5,386)	(5,439)
Tax deterministic 10% (net capital gain)	10,312	10,312	-	-
<b>Income tax</b>	<u><u>508,905</u></u>	<u><u>1,036,131</u></u>	<u><u>516,435</u></u>	<u><u>860,738</u></u>
<b>Effective tax rate</b>	<u><u>30.73%</u></u>	<u><u>31.47%</u></u>	<u><u>35.65%</u></u>	<u><u>33.12%</u></u>
* An additional temporary tax was imposed for three years starting year 2014 by tax rate 5% over one million Egyptian pound from the taxable income amount on the juridical persons' income as per the law no. 44 of 2014.				
<b>14 . Earning per share</b>				
	Last 3 Months	Last 6 Months	Last 3 Months	Last 6 Months
	Jun.30, 2015	Jun.30, 2015	Jun.30, 2014	Jun.30, 2014
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Net profit for the period available for distribution	1,118,941	2,198,747	884,277	1,663,003
Board member's bonus	(16,784)	(32,981)	(13,264)	(24,945)
Staff profit sharing	(111,894)	(219,875)	(88,428)	(166,300)
<b>* Profits shareholders' Stake</b>	<u>990,263</u>	<u>1,945,891</u>	<u>782,585</u>	<u>1,471,758</u>
Number of shares	<u>917,648</u>	<u>917,648</u>	<u>917,648</u>	<u>917,648</u>
<b>Basic earning per share</b>	<u>1.08</u>	<u>2.12</u>	<u>0.85</u>	<u>1.60</u>
By issuance of ESOP earning per share will be:				
Number of shares including ESOP shares	<u>933,322</u>	<u>933,247</u>	<u>933,596</u>	<u>933,443</u>
<b>Diluted earning per share</b>	<u>1.06</u>	<u>2.09</u>	<u>0.84</u>	<u>1.58</u>
* Based on separate financial statement profits.				

**15. Cash and balances with Central Bank**

	<b>Jun.30, 2015</b>	Dec.31, 2014
	EGP Thousands	EGP Thousands
Cash	2,140,614	2,109,660
<b>Obligatory reserve balance with CBE</b>		
- Current accounts	<u>10,528,028</u>	<u>5,392,596</u>
<b>Total</b>	<u>12,668,642</u>	<u>7,502,256</u>
<b>Non-interest bearing balances</b>	<u>12,668,642</u>	<u>7,502,256</u>

**16. Due from banks**

	<b>Jun.30, 2015</b>	Dec.31, 2014
	EGP Thousands	EGP Thousands
Current accounts	1,275,243	1,017,373
Deposits	<u>7,453,679</u>	<u>8,504,626</u>
<b>Total</b>	<u>8,728,922</u>	<u>9,521,999</u>
Central banks	3,811,812	4,297,194
Local banks	1,153,382	1,112,318
Foreign banks	<u>3,763,728</u>	<u>4,112,487</u>
<b>Total</b>	<u>8,728,922</u>	<u>9,521,999</u>
Non-interest bearing balances	60,242	420,477
Fixed interest bearing balances	<u>8,668,680</u>	<u>9,101,522</u>
<b>Total</b>	<u>8,728,922</u>	<u>9,521,999</u>
Current balances	<u>8,728,922</u>	<u>9,521,999</u>
<b>Total</b>	<u>8,728,922</u>	<u>9,521,999</u>

**17. Treasury bills and other governmental notes**

	<b>Jun.30, 2015</b>	Dec.31, 2014
	EGP Thousands	EGP Thousands
91 Days maturity	7,299,351	8,539,354
182 Days maturity	10,673,753	8,293,655
364 Days maturity	10,317,967	15,107,327
Unearned interest	<u>(1,119,043)</u>	<u>(1,469,221)</u>
<b>Total 1</b>	<u>27,172,028</u>	<u>30,471,115</u>
Reverse repos treasury bonds	-	77,775
Repos - treasury bills	<u>(602,880)</u>	<u>-</u>
<b>Total 2</b>	<u>(602,880)</u>	<u>77,775</u>
<b>Net</b>	<u>26,569,148</u>	<u>30,548,890</u>

**18. Trading financial assets**

	<b>Jun.30, 2015</b>	Dec.31, 2014
	EGP Thousands	EGP Thousands
<b>Debt instruments</b>		
- Governmental bonds	<u>5,584,016</u>	<u>3,335,297</u>
<b>Total</b>	<u>5,584,016</u>	<u>3,335,297</u>
<b>Equity instruments</b>		
- Companies shares	22,326	-
- Mutual funds	<u>173,285</u>	<u>167,048</u>
<b>Total</b>	<u>195,611</u>	<u>167,048</u>
- Portfolio managed by others	<u>226,461</u>	<u>260,373</u>
<b>Total financial assets for trading</b>	<u>6,006,088</u>	<u>3,762,718</u>

**19 . Loans and advances to banks, net**

	<b>Jun.30, 2015</b> EGP Thousands	Dec.31, 2014 EGP Thousands
Time and term loans	49,487	132,673
Less: Impairment provision	<u>(15,305)</u>	<u>(14,582)</u>
<b>Total</b>	<b><u>34,182</u></b>	<b><u>118,091</u></b>
Current balances	7,064	93,035
Non-current balances	<u>27,118</u>	<u>25,056</u>
<b>Total</b>	<b><u>34,182</u></b>	<b><u>118,091</u></b>

**Analysis for impairment provision of loans and advances to banks**

	<b>Jun.30, 2015</b> EGP Thousands	Dec.31, 2014 EGP Thousands
Beginning balance	(14,582)	(21,411)
Charge (release) during the period	(597)	6,915
Exchange revaluation difference	<u>(126)</u>	<u>(86)</u>
<b>Ending balance</b>	<b><u>(15,305)</u></b>	<b><u>(14,582)</u></b>

**20 . Loans and advances to customers, net**

	<b>Jun.30, 2015</b> EGP Thousands	Dec.31, 2014 EGP Thousands
<b>Individual</b>		
- Overdraft	1,541,120	1,438,217
- Credit cards	1,129,164	1,010,014
- Personal loans	7,104,388	5,729,054
- Mortgages	311,803	325,266
- Other loans	<u>20,898</u>	<u>20,934</u>
<b>Total 1</b>	<b><u>10,107,373</u></b>	<b><u>8,523,485</u></b>
<b>Corporate</b>		
- Overdraft	9,648,503	6,598,541
- Direct loans	26,664,731	25,008,383
- Syndicated loans	12,637,752	12,645,169
- Other loans	<u>149,687</u>	<u>216,429</u>
<b>Total 2</b>	<b><u>49,100,673</u></b>	<b><u>44,468,522</u></b>
<b>Total Loans and advances to customers (1+2)</b>	<b>59,208,046</b>	<b>52,992,007</b>
<b>Less:</b>		
Unamortized bills discount	(2,367)	(5,568)
Impairment provision	(3,794,455)	(3,441,757)
Unearned interest	<u>(885,288)</u>	<u>(859,052)</u>
<b>Net loans and advances to customers</b>	<b><u>54,525,936</u></b>	<b><u>48,685,630</u></b>
<b>Distributed to</b>		
Current balances	25,783,984	21,190,611
Non-current balances	<u>28,741,952</u>	<u>27,495,019</u>
<b>Total</b>	<b><u>54,525,936</u></b>	<b><u>48,685,630</u></b>

**Analysis for impairment provision of loans and advances to customers**

	<u>Overdraft</u>	<u>Individual</u>				<u>Total</u>
		<u>Credit cards</u>	<u>Personal loans</u>	<u>Real estate loans</u>	<u>Other loans</u>	
<b>Jun.30, 2015</b>						
Beginning balance	(10,550)	(7,434)	(81,153)	(8,422)	(20,934)	(128,493)
Charged (Released) during the period	(2,126)	(3,030)	(27,084)	(2,286)	36	(34,490)
Write off during the period	-	3,546	1,901	-	-	5,447
Recoveries during the period	(4)	(2,467)	-	-	-	(2,471)
Ending balance	(12,680)	(9,385)	(106,336)	(10,708)	(20,898)	(160,007)
<b>Jun.30, 2015</b>						
Beginning balance	(491,763)	(2,172,426)	(644,225)	(4,850)	(3,313,264)	
Charged (Released) during the period	(42,397)	(343,748)	(224,938)	(2,272)	(613,355)	
Write off during the period	-	357,948	-	-	357,948	
Recoveries during the period	-	(3,000)	-	-	(3,000)	
Exchange revaluation difference	(10,926)	(32,946)	(18,905)	-	(62,777)	
Ending balance	(545,086)	(2,194,172)	(888,068)	(7,122)	(3,634,448)	
<b>Dec.31, 2014</b>						
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)
<b>Dec.31, 2014</b>						
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

	Jun.30, 2015			Dec.31, 2014		
	<u>Notional amount</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Notional amount</u>	<u>Assets</u>	<u>Liabilities</u>
<b>Foreign currencies derivatives</b>						
- Forward foreign exchange contracts	4,168,809	29,937	42,346	1,761,253	2,364	14,209
- Currency swap	4,466,122	20,151	58,887	3,928,336	19,857	47,594
- Options	336,869	1,022	1,022	319,390	3,887	3,713
<b>Total 1</b>		<u>51,110</u>	<u>102,255</u>		<u>26,108</u>	<u>65,516</u>
<b>Interest rate derivatives</b>						
- Interest rate swaps	14,307	581	-	278,504	1,575	434
<b>Total 2</b>		<u>581</u>	<u>-</u>		<u>1,575</u>	<u>434</u>
- Commodity 3	-	-	-	1,041	-	-
<b>Total assets (liabilities) for trading derivatives (1+2+3)</b>		<u>51,691</u>	<u>102,255</u>		<u>27,683</u>	<u>65,950</u>

#### 21.1.2 . Fair value hedge

<b>Interest rate derivatives</b>						
- Governmental debt instruments hedging	278,614	-	27,564	621,189	-	63,402
- Customers deposits hedging	6,573,968	24,841	10,929	4,276,937	24,505	7,823
<b>Total 4</b>		<u>24,841</u>	<u>38,493</u>		<u>24,505</u>	<u>71,225</u>
<b>Total financial derivatives (1+2+3+4)</b>		<u>76,532</u>	<u>140,748</u>		<u>52,188</u>	<u>137,175</u>



**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 June 30, 2015 against EGP 63,402 thousand at the December 31, 2014, Resulting in net gains from hedging instruments at June 30, 2015 EGP 38,838 thousand against net losses EGP 5,926 thousand at the December 31, 2014. Losses arises from the hedged items at June 30, 2015 reached EGP 42,267 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 13,912 thousand at the end of June 30, 2015 against EGP 16,682 thousand at December 31, 2014, Resulting in net losses from hedging instruments at June 30, 2015 EGP 2,770 thousand against net losses EGP 21,380 thousand at December 31, 2014. Gains arises from the hedged items at June 30, 2015 reached EGP 3,647 thousand against gains EGP 45,094 thousand at December 31, 2014.

**22 . Financial investments**

	<b>Jun.30, 2015</b>	Dec.31, 2014
	EGP Thousands	EGP Thousands
<b>Available for sale</b>		
- Listed debt instruments with fair value	<b>36,892,534</b>	27,249,861
- Listed equity instruments with fair value	<b>40,713</b>	87,770
- Unlisted instruments	<b>644,311</b>	364,491
<b>Total</b>	<b>37,577,558</b>	27,702,122
<b>Held to maturity</b>		
- Listed debt instruments	<b>9,731,348</b>	9,133,233
- Unlisted instruments	<b>32,513</b>	27,513
<b>Total</b>	<b>9,763,861</b>	9,160,746
<b>Total financial investment</b>	<b>47,341,419</b>	36,862,868
- Actively traded instruments	<b>45,762,191</b>	35,617,223
- Not actively traded instruments	<b>1,579,228</b>	1,245,645
<b>Total</b>	<b>47,341,419</b>	36,862,868
Fixed interest debt instruments	<b>45,334,772</b>	35,211,927
Floating interest debt instruments	<b>1,289,109</b>	1,171,168
<b>Total</b>	<b>46,623,881</b>	36,383,095

	<b>Available for sale</b>	<b>Held to maturity</b>	<b>Total</b>
	<b>financial</b>	<b>financial</b>	
	<b>investments</b>	<b>investments</b>	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	<b>27,702,122</b>	<b>9,160,746</b>	<b>36,862,868</b>
<b>Beginning balance</b>	<b>27,702,122</b>	<b>9,160,746</b>	<b>36,862,868</b>
<b>Addition</b>	<b>13,050,692</b>	<b>4,019,548</b>	<b>17,070,240</b>
<b>Deduction (selling - redemptions)</b>	<b>(2,492,062)</b>	<b>(3,416,433)</b>	<b>(5,908,495)</b>
<b>Exchange revaluation differences for foreign financial assets</b>	<b>69,351</b>	<b>-</b>	<b>69,351</b>
<b>Profit (losses) from fair value difference</b>	<b>(733,575)</b>	<b>-</b>	<b>(733,575)</b>
<b>Impairment (charges) release</b>	<b>(18,970)</b>	<b>-</b>	<b>(18,970)</b>
<b>Ending Balance</b>	<b>37,577,558</b>	<b>9,763,861</b>	<b>47,341,419</b>

**22.1 . Profit (Losses) on financial investments**

	<b>Last 3 Months</b>	<b>Last 6 Months</b>	<b>Last 3 Months</b>	<b>Last 6 Months</b>
	<b>Jun.30, 2015</b>	<b>Jun.30, 2015</b>	<b>Jun.30, 2014</b>	<b>Jun.30, 2014</b>
	<b>EGP Thousands</b>	<b>EGP Thousands</b>	<b>EGP Thousands</b>	<b>EGP Thousands</b>
Profit (Loss) from selling available for sale financial instruments	153	177,395	5,435	9,408
Impairment release (charges) of available for sale equity instruments	(5,552)	(18,970)	-	-
Profit (Loss) from selling held to maturity debt investments	-	(1)	(4)	(19)
<b>Total</b>	<b>(5,399)</b>	<b>158,424</b>	<b>5,431</b>	<b>9,389</b>

**23 . Investments in associates**
**Jun.30, 2015**

<b>Company's country</b>	<b>Company's assets</b>	<b>Company's liabilities (without equity)</b>	<b>Company's revenues</b>	<b>Company's net profit</b>	<b>Investment book value</b>	<b>Stake %</b>
Associates					EGP Thousands	
- Commercial International Life Insurance	3,308,764	3,191,144	959,594	26,992	75,484	45
- Corplease	2,164,383	1,905,562	132,596	7,087	116,482	43
- Haykala for investment	5,145	369	90	42	1,689	40
- Egypt Factors	355,694	305,182	7,598	(4,549)	(3,242)	39
- International Co. for Security and Services (Falcon)	191,685	141,259	72,788	3,918	21,723	40
<b>Total</b>	<b>6,025,671</b>	<b>5,543,516</b>	<b>1,172,666</b>	<b>33,490</b>	<b>212,136</b>	
<b>Dec.31, 2014</b>						
Associates					EGP Thousands	
- Commercial International Life Insurance	2,861,447	2,762,148	267,286	8,671	59,500	45
- Corplease	2,374,952	2,148,954	413,070	22,437	102,237	43
- Haykala for Investment	4,742	236	276	155	1,518	40
- Egypt Factors	401,466	345,515	33,711	(1,488)	816	39
- International Co. for Security and Services (Falcon)	141,818	102,994	148,811	8,229	17,590	40
<b>Total</b>	<b>5,784,425</b>	<b>5,359,847</b>	<b>863,154</b>	<b>38,004</b>	<b>181,661</b>	

#### 24 . Investment properties \*

	Jun.30, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Land No. A2-Q46 AI-koseer Marsa Allam	2,786	2,642
Land, warehouse, 9 property and 2 housing units AI-koseer Marsa Allam	65,950	65,950
Land No. M8A and M8A8 and M9A AI-koseer Marsa Allam	839,657	815,502
<b>Total</b>	<b>908,393</b>	<b>884,094</b>

\* Including non registered properties by EGP 908,393 thousand which were acquired against settlement of loans to customers and legal procedures is taking to registered these properties or sell them during the legal period.

#### 25 . Other assets

	Jun.30, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Accrued revenues	2,654,961	1,870,423
Prepaid expenses	120,529	109,115
Advances to purchase of fixed assets	154,698	145,170
Accounts receivable and other assets	913,192	1,653,149
Assets acquired as settlement of debts	23,889	27,351
Insurance and Testament	9,330	8,867
<b>Total</b>	<b>3,876,599</b>	<b>3,814,075</b>

#### 26 . Property, plant and equipment

	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total
Beginning gross assets (1)	64,709	696,428	1,085,729	69,278	442,793	365,933	145,156	2,870,026
Additions (deductions) during the period	-	46,838	69,355	3,249	12,703	23,774	1,839	157,758
<b>Ending gross assets (2)</b>	<b>64,709</b>	<b>743,266</b>	<b>1,155,084</b>	<b>72,527</b>	<b>455,496</b>	<b>389,707</b>	<b>146,995</b>	<b>3,027,784</b>
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	-	17,816	50,477	2,141	21,406	15,588	2,921	110,349
<b>Accu.depreciation at end of the period (4)</b>	<b>-</b>	<b>255,201</b>	<b>862,970</b>	<b>43,250</b>	<b>392,003</b>	<b>314,429</b>	<b>127,018</b>	<b>1,994,871</b>
<b>Ending net assets (2-4)</b>	<b>64,709</b>	<b>488,065</b>	<b>292,114</b>	<b>29,277</b>	<b>63,493</b>	<b>75,278</b>	<b>19,977</b>	<b>1,032,913</b>
<b>Beginning net assets (1-3)</b>	<b>64,709</b>	<b>459,043</b>	<b>273,236</b>	<b>28,169</b>	<b>72,196</b>	<b>67,092</b>	<b>21,059</b>	<b>985,504</b>
<b>Depreciation rates</b>		%5	%33.3	%20	%33.3	%20	%20	

Net fixed assets value on the balance sheet includes EGP 62,737 thousand non registered assets while their registrations procedures are in process.

**27 Due to banks**

	<b>Jun.30, 2015</b>	Dec.31, 2014
	EGP Thousands	EGP Thousands
Current accounts	237,809	945,684
Deposits	361,445	185,701
<b>Total</b>	<b>599,254</b>	<b>1,131,385</b>
Central banks	34,855	12,386
Local banks	13,524	221,043
Foreign banks	550,875	897,956
<b>Total</b>	<b>599,254</b>	<b>1,131,385</b>
Non-interest bearing balances	119,392	899,657
Fixed interest bearing balances	479,862	231,728
<b>Total</b>	<b>599,254</b>	<b>1,131,385</b>
Current balances	237,809	945,684
Non-current balances	361,445	185,701
<b>Total</b>	<b>599,254</b>	<b>1,131,385</b>

**28 Due to customers**

	<b>Jun.30, 2015</b>	Dec.31, 2014
	EGP Thousands	EGP Thousands
Demand deposits	42,429,705	30,502,057
Time deposits	35,681,010	35,408,462
Certificates of deposit	34,443,166	31,001,139
Saving deposits	24,785,686	21,603,688
Other deposits	5,529,433	3,459,613
<b>Total</b>	<b>142,869,000</b>	<b>121,974,959</b>
Corporate deposits	75,447,895	61,934,339
Individual deposits	67,421,105	60,040,620
<b>Total</b>	<b>142,869,000</b>	<b>121,974,959</b>
Non-interest bearing balances	26,246,642	33,961,670
Fixed interest bearing balances	116,622,358	88,013,289
<b>Total</b>	<b>142,869,000</b>	<b>121,974,959</b>
Current balances	104,989,786	88,300,091
Non-current balances	37,879,214	33,674,868
<b>Total</b>	<b>142,869,000</b>	<b>121,974,959</b>

**29 Long term loans**

	<u>Interest rate %</u>	<u>Maturity date</u>	<u>Maturing through next year</u>	<u>Balance on Jun.30, 2015</u>	<u>Balance on Dec.31, 2014</u>
			EGP Thousands	EGP Thousands	EGP Thousands
Financial Investment & Sector Cooperation (FISC)	3.5 - 5.5 depends on maturity date	3-5 years	1,111	4,444	-
Environmental Compliance Project (ECO)	3.5 - 5.5 depends on maturity date	3-5 years	1,140	1,340	1,690
Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	74,250	87,050	105,075
Social Fund for Development (SFD)	3 months T/D or 9% which is more		31,145	113,140	136,113
<b>Total</b>			<b>107,646</b>	<b>205,974</b>	<b>242,878</b>

**30 . Other liabilities**

	Jun.30, 2015	Dec.31, 2014
	EGP Thousands	EGP Thousands
Accrued interest payable	689,919	629,260
Accrued expenses	434,571	515,716
Accounts payable	679,694	1,171,126
Other credit balances	282,569	293,350
<b>Total</b>	<b>2,086,753</b>	<b>2,609,452</b>

**31 . Other provisions**

Jun.30, 2015	<u>Beginning balance</u>	<u>Charged amounts</u>	<u>Exchange revaluation difference</u>	<u>Utilized amounts</u>	<u>Reversed amounts</u>	<u>Ending balance</u>
						EGP Thousands
Provision for income tax claims	22,145	4,050	-	(124)	-	26,071
Provision for legal claims	40,435	34	35	(66)	-	40,438
Provision for Stamp Duty	31,000	-	-	-	-	31,000
Provision for contingent	620,547	41,618	9,444	8	-	671,617
* Provision for other claim	16,185	2,442	63	(480)	-	18,210
<b>Total</b>	<b>730,312</b>	<b>48,144</b>	<b>9,542</b>	<b>(662)</b>	<b>-</b>	<b>787,336</b>

Dec.31, 2014	<u>Beginning balance</u>	<u>Charged amounts</u>	<u>Exchange revaluation difference</u>	<u>Utilized amounts</u>	<u>Reversed amounts</u>	<u>Ending balance</u>
						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
<b>Total</b>	<b>454,699</b>	<b>286,724</b>	<b>(3,857)</b>	<b>(6,798)</b>	<b>(456)</b>	<b>730,312</b>

Total

\* Provision for other claim formed on June 30, 2015 amounted to EGP 2,442 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 tranche 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 tranche 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 tranche 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 tranche 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 tranche for E.S.O.P program.
- The Extraordinary General Assembly approved in the meeting of June 26, 2006 to activate a motivating and rewarding program for the Bank's employees and managers through Employee Share Ownership Plans (ESOP) by issuing a maximum of 5% of issued and paid-in capital at par value ,through 5 years starting year 2006 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.
- The Extraordinary General Assembly approved in the meeting of April 13,2011 continue to activate a motivating and rewarding program for The Bank's employees and managers through Employee Share Ownership Plans (ESOP) by issuing a maximum of 5% of issued and paid-in capital at par value ,through 5 years starting year 2011 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.
- Dividend deducted from shareholders' equity in the Year that the General Assembly approves the dispersment the shareholders of this dividend, which includes staff profit share and remuneration of the Board of Directors stated in the law.

**32.2 Reserves**

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

**33 . Deferred tax assets**

Deferred tax assets and liabilities are attributable to the following:

	<b>Assets (Liabilities)</b> <b>Jun.30, 2015</b> EGP Thousands	<b>Assets (Liabilities)</b> <b>Dec.31, 2014</b> EGP Thousands
Fixed assets (depreciation)	(23,945)	(28,456)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	18,579	17,970
Other investments impairment	89,480	82,888
Reserve for employee stock ownership plan (ESOP)	53,925	49,335
Interest rate swaps revaluation	81,979	-
Trading investment revaluation	1,157	-
Forward foreign exchange deals revaluation	3,416	-
<b>Total</b>	<b>224,591</b>	<b>121,737</b>

**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:

	<b>Jun.30, 2015</b> <b>No. of shares in</b> <b>thousand</b>	<b>Dec.31, 2014</b> <b>No. of shares in</b> <b>thousand</b>
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)
<b>Outstanding at the end of the period</b>	<b>19,014</b>	<b>21,872</b>

Details of the outstanding tranches are as follows:

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

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

	<b>9th tranche</b>	<b>8th tranche</b>
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)**

	<b>Jun.30, 2015</b>	Dec.31, 2014
	EGP Thousands	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	(1,363,007)	(593,236)
Banking risks reserve	<u>2,513</u>	<u>1,991</u>
<b>Total</b>	<b><u>3,225,703</u></b>	<b><u>1,753,283</u></b>

**35.1 . Banking risks reserve**

	<b>Jun.30, 2015</b>	Dec.31, 2014
	EGP Thousands	EGP Thousands
Beginning balance	1,991	1,991
Transferred (from) to bank risk reserve	<u>522</u>	<u>-</u>
<b>Ending balance</b>	<b><u>2,513</u></b>	<b><u>1,991</u></b>

**35.2 . Legal reserve**

	<b>Jun.30, 2015</b>	Dec.31, 2014
	EGP Thousands	EGP Thousands
Beginning balance	621,084	490,365
Transferred from previous year profits	<u>182,271</u>	<u>130,719</u>
<b>Ending balance</b>	<b><u>803,355</u></b>	<b><u>621,084</u></b>

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

	<b>Jun.30, 2015</b>	Dec.31, 2014
	EGP Thousands	EGP Thousands
Beginning balance	(593,236)	(720,479)
Unrealized gains (losses) from A.F.S investment revaluation	<u>(769,771)</u>	<u>127,243</u>
<b>Ending balance</b>	<b><u>(1,363,007)</u></b>	<b><u>(593,236)</u></b>

**35.4 . Retained earnings (losses)**

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

**36 . Cash and cash equivalent**

	<b>Jun.30, 2015</b>	Dec.31, 2014
	EGP Thousands	EGP Thousands
Cash and balances with Central Bank	12,668,642	7,502,256
Due from banks	8,728,922	9,521,999
Treasury bills and other governmental notes	26,569,148	30,548,890
Obligatory reserve balance with CBE	(10,528,028)	(5,392,596)
Due from banks (time deposits) more than three months	(3,684,216)	(5,007,463)
Treasury bills with maturity more than three months	<u>(19,993,947)</u>	<u>(22,110,185)</u>
<b>Total</b>	<b><u>13,760,521</u></b>	<b><u>15,062,901</u></b>

**37 . Contingent liabilities and commitments**
**37.1 . Legal claims**

There are a number of existing cases filed against the bank on June 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 28,356 thousand as follows:

EGP Thousands	Investments value	Paid	Remaining
Available for sale financial investments	89,100	60,743	<b>28,356</b>

**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 30,484 thousand.

**37.3 . Letters of credit, guarantees and other commitments**

	Jun.30, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Letters of guarantee	<b>26,103,730</b>	23,262,617
Letters of credit (import and export)	<b>1,014,855</b>	1,289,834
Customers acceptances	<b>478,563</b>	757,509
<b>Total</b>	<b>27,597,148</b>	25,309,960

	Jun.30, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Loans commitments (Customers limit authorized not utilized)	<b>19,916,302</b>	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 16,304,417 with redeemed value EGP 3,962,626 thousands.
- The market value per certificate reached EGP 243.04 on June 30, 2015.
- The Bank portion got 601,064 certificates with redeemed value EGP 146,083 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 1,394,130 with redeemed value EGP 127,256 thousands.
- The market value per certificate reached EGP 91.28 on June 30, 2015.
- The Bank portion got 194,744 certificates with redeemed value EGP 17,776 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 722,274 with redeemed value EGP 38,786 thousands.
- The market value per certificate reached EGP 53.7 on June 30, 2015.
- The Bank portion got 71,943 certificates with redeemed value EGP 3,863 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 161,568 with redeemed value EGP 24,686 thousands.
- The market value per certificate reached EGP 152.79 on June 30, 2015.
- The Bank portion got 50,000 certificates with redeemed value EGP 7,640 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 991,143 with redeemed value EGP 152,051 thousands.
- The market value per certificate reached EGP 153.41 on June 30, 2015.
- The Bank portion got 52,404 certificates with redeemed value EGP 8,039 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 701,906 with redeemed value EGP 69,819 thousands.
- The market value per certificate reached EGP 99.47 on June 30, 2015.
- The Bank portion got 50,000 certificates with redeemed value EGP 4,974 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	590,353
Deposits	736,712
Contingent liabilities	157,283

**39.2 . Other transactions with related parties**

	Income EGP Thousands	Expenses EGP Thousands
International Co. for Security & Services	253	20,298
Corplease Co.	16,259	211
Commercial International Life Insurance Co.	9,059	1,596
Egypt Factors	7,070	95
Haykala for Investment	358	-

**40 . Main currencies positions**

	Jun.30, 2015 EGP Thousands	Dec.31, 2014 EGP Thousands
Egyptian pound	33,044	(141,124)
US dollar	(33,253)	63,391
Sterling pound	5,826	(279)
Japanese yen	(110)	20
Swiss franc	16	(442)
Euro	1,733	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 31/12/2010 according to law No. 143 for the year 2006 points of disagreement were converted into internal committee.

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







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