CIB

40 YEARS *of* BANKING EXCELLENCE

2015 is a very special year for CIB as it marks the 40th anniversary of the Bank's founding. The pages of this year's annual report will walk you through the myriad milestones we have crossed throughout four decades of banking excellence. When moving ahead into the future, it is important to look back at the history, successes, and achievements that have brought us to the place we stand today, to gain a clearer perspective not only on what we have become, but on how we managed to get there.

ANNUAL 2015 REPORT

40 YEARS

THANK YOU

Over the years and in every annual report, our senior management team and Board of Directors (BoD) express their gratitude to CIB employees for their commitment, hard work, and innovation. We truly believe that our employees are the backbone of our success as an institution, and we thank each and every member of our team for their continuous dedication. As we commemorate 40 years of banking excellence, we would like to take this opportunity to extend our profound appreciation to the employees who have been a part of our establishment for more than 30 years, those who have not only lived through the Bank's transformation but have been an active and intrinsic part of it, passing their knowledge down to generations. To them, we say THANK YOU. You have, without a doubt, been part and parcel of CIB's successes through your determination, tireless efforts, and loyalty.

In 2012, CIB held a celebration for more than 160 employees who had spent more than 25 years at the Bank in a celebration titled "25 Years of Excellence."

ABD EL HAMID ALY ABD EL HAMID
ABIR AHMED KANDIL
ABLA ADEL KHAIRY
ABUL NAGA IBRAHIM
ADEL ABDEL HAMID MOHAMED MOSTAFA SHAABAN
AHMED IBRAHIM SAAFAN
ALY SAMY ABOU HUSSEIN
AMAL IBRAHIM NOUR EL DIN
AMANY YOUSSEF KHOLOUSY
AMR ALY SAID
AMR MOHAMED EL TAHER MOSTAFA
ANWAR SHAHIN
AYMAN MOSTAFA MAAMOUN EL REIDY
AZIMA EL SAYED GABR
DAWOOD SOLIMAN DAHAB
DINA ABDEL SALAM EL HAMOULY
FAHMY A. FATTAH IBRAHIM
GAMAL HASSAN AHMED ABOU NAAMA
GEORGE FAWZY BEKHIT
GIHAN MOHAMED HUSSEIN EL SAYYAD
HALA MOHAMED ABDEL HAMID
HALA MOHAMED EL ERAKY
HANY HELMY ISKANDAR KALDAS
HASSAN ABBAS HASSAN
HASSAN KHALIL
HASSAN MAHMOUD IBRAHIM
HASSAN SOLIMAN OSMAN SOLIMAN
IBRAHIM ABD EL MOHSEN
IHAB NEGM EL DIN SOLIMAN
IMAN EL DAWOODY SHAHBOU
IMAN M. ABD RABO
IMAN MOKHTAR MAHMOUD ATTEYA
IMAN OMAR EL MASRY
IMAN SAFWAT EL SHEIKH
INAS MOHAMED HOSNY ABBAS
KARAM FAHMY RAWASH
KHALED ABDEL WAHAB DAOUD
KHALED MOHAMED ALY NEGM
MAGDA MAKRAM
MAGDY ABDEL MONEIM MOHAMED FATTOUH
MAHA SAID EL SHAHED
MAHMOUD AHMED EL HODEIBY
MAHMOUD AHMED IBRAHIM EL KHOULY
MAHMOUD HANAFY AHMED
MAHMOUD SHEHATA MAHMOUD
MAMDOUH REFAAT IBRAHIM ATOUT
MANAL ALI ABDEL KADER EL BASSEL
MANAL FAYEK FRANCIS
MIRANDA MICHAIL INDRAWIS
MOHAMED ABD EL AZIZ MOHAMED EL TOUKHY
MOHAMED AHMED EZZ EL DIN A.HAMID
MOHAMED EL KILANY HAGAG
MOHAMED FATHI YOUSSEF
MOHAMED HISHAM SOBHY
MOHAMED RAGHEB A.BARY SHAMS
MONA ABD EL MALEK BEDROUS
MONA MOHAMED ABOU YOUSSEF
MONA MOHAMED KAMAL ABDEL KHALEK
MOSTAFA AHMED METWALY HASSAN
NABIL NAYER NASHED
NADIA MOSTAFA HOSNY
NAWAL ABDEL ALEEM SAYED AHMED
NEVIEN IBRAHIM M. EL DESSOUKY
NIHAL RADY ABOU EL EZZ
OMAIMA MOHAMED SOLIMAN
OMAYMA EID
RAFIK MOHAMED ABDEL KHALIK MADKOUR
RANDA MOHAMED ATEF AHMED AFIFI
RAWYA MOHAMED ASAAD EL SOHAGI
SAHAR MOHAMED IMAM
SAMIA EZZ EL ARAB ABDEL NASSER
SHAABAN KADRI AHMED IBRAHIM
SHAFIK HUSSEIN M. DAWOUD
SHERIF ALY EL ADAWY
SHERIF MOHAMED ABDEL WAKIL GABER
SHERIF OMAR ISMAIL
SHERINE MOHAMED HAMED
WAFAA MOHAMED AHMED
YEHIA MOSTAFA KAMEL

We would like to extend our appreciation and gratitude to the Chairmen, Board Members. and Board Secretaries who served the Bank throughout its history. They have undoubtedly played a fundamental role in shaping the strategy and direction that have led CIB to where it is today. Mr. Ali Dabbous was Chase National Bank's first Chairman, serving from 1975 to 1982. Mr. Mahmoud Abdallah served from 1983 to 1985. Mr. Ahmed Ismail was CIB's first Chairman, serving from 1986 until 1988. Mr. Mahmoud Abdel Aziz occupied the position from 1989 to 2002. Mr. Hisham Ezz Al-Arab assumed his role as Chairman mid-2002 and continues to serve the Bank to this day.

Ali Dabbous
Mohamed Fakhry AlAssy
Youssef Allouba
Griffen Brant
G. H. Newburt
Hamed Moustafa El Ghamaz*
John K. Sharlton
William W. Flanz
Abdel Ghani Gameh
Roger L. Crevier
Dalal El Kashef*
Kamal Zaky Abou El Eid
Ahmed Soliman Hazzah
Peter J. Nice
Donald Boudreau
Ali N. Chahine
Mahmoud H. Abdallah
James E. Lewis
Trichard H. Buckley
Hughlyn F. Fierce
Abdel Karim M. Abdel Hamid
Dr. Mohamed A. Abdella
Ahmed Ismail A. Ismail
Mahmoud Mansour Helal
Ahmed Wagdy Ibrahim
Kazem Hassan Barakat
Abd El Salam Abd El Hakam Khalil
Mahmoud Abdel Aziz Mohamed
Ahmed Kamal Shawky
Adel Mostafa El Haddad
Sayed Mostafa Kamar
Adel Abdel Chafi El Labban
Ahmed Mahmoud A. Rouchdy
Afaf Ismail Maged
Mohamed Samy El Halawany
Ahmed Diaa El Din
Fahd Rashid El Ibrahimy
Samir Ibrahim Fawzy
Dr. Abdel Khalek Allam
Abbas Samaha
Fadel Ibrahim Taman
Dr. Rokia Riad*
Dr. William Mikhael
Fathi Ismail Wali
Couns. Mahmoud Fahmy
Mohamed Abdel Monem Roushdy
Nasser El Kady
Mohamed Ashmawy
Sahar El Sallab
Dr. Nadia Makram Ebeid
Hisham Ezz Al-Arab
Mohamed Hany Seif El Nasr
Timothy Collins
Lucio Noto
Robert Willumstad
Maha S. El Shahed*
Essam El Wakil
Walid Shash
Maysa Abou Bakr*
Frank G. Wisner
Dr. Medhat Hassanein
Paul Fletcher
Hisham Ramez Abdel Hafez
Jawaid Mirza
Dr. Sherif Kamel
Yasser Hashem
Mark Richards
Bijan Khorsowshahi

* Secretary to the Board

40 YEARS

PIONEERING ACHIEVEMENTS

1975
- First joint venture bank in Egypt was Chase National Bank
- Becomes the first Egyptian bank to introduce an Institutional Banking Risk Rating Model

1977
- Becomes first private sector bank to create a dedicated division providing 24/7 banking services to shipping clients, with primary focus on business in the Suez Canal

1983
- Head office moved to the Nile Tower building in Giza

1987
- After 12 years in a joint venture, on 15 June Chase Manhattan divested its stake in the Bank, based on a decision to reduce its minority holdings worldwide.
- The Bank's name was effectively changed to Commercial International Bank (CIB)

1989
- CIB was selected by BSP to become its agent in Egypt
- CIB remains the only bank that offers this service to airline passengers

1991
- First Egyptian commercial bank to arrange debt swap transactions
- CIB becomes first bank to launch smart card center in Egypt

1993
- CIB wins Euromoney's 'Best Bank in Egypt' award for six consecutive years until 1998
- Bank concludes Egypt's largest IPO for a domestic bank on 12 September, with oversubscription rate of 150%, selling 1.5 million shares in a span of 10 days and generating EGP 390 mn in proceeds, using no underwriters but relying instead on the bank's own marketing and placement capabilities for share sales

1994
- First bank in Egypt to connect with the international SWIFT network

1996
- First Egyptian bank to have a GDR program on London Stock Exchange

1997
- First Egyptian bank to link to SWIFT via CITA
- CIB concludes first & largest Euro-syndicated loan (USD 200 mn)
- Becomes first private sector bank with investment rating (after Luxor incident) ('BBB -' by Fitch IBCA)

1998
- CIB becomes first private sector bank with investment rating (after Luxor incident) ('BBB -' by S&P)
- First bank to link its database to that of Misr Clearing, Settlement & Deposit Company (MCSD)
- First Egyptian bank to form Board of Directors Audit Committee
- First Internal Audit department to be independent
- One of the first Egyptian banks to establish a custody department
- One of the first Egyptian banks that established a brokerage arm (CIBC)

2000
- First two Certified Bank Auditors (CBA)

2001
- First Egyptian bank to register its shares on New York Stock Exchange in the form of American Depository Receipts (ADR) Level 1 program
- CIB becomes first bank to introduce FX cash services for five currencies on ATM

2004
- Heya becomes the first credit card on the market to acknowledge women's financial independence

2005
- Only bank in Egypt to be awarded JP Morgan Quality Recognition Award starting 2005 up until 2012
- CIB launches Osoul, its first money market fund in LCY
- First bank in Egypt to launch a page on Bloomberg for local debt securities

2006
- CIB was the first to adopt a pricing policy according to the client risk rating as a step forward to abide by Basel II requirements
- CIB was the first bank in Egypt to execute EGP 200 mn R'epo transaction in local market
- First & largest Egyptian bank to provide securitization trustee services

2007
- Only Bank in Egypt chosen by UNIFEM & World Bank to participate in the Gender Equity Model (GEM)

2008
- First bank to use Value at Risk (VaR) for trading & banking book for internal risk management requirements, despite there being no regulatory requirements

2009
- CIB becomes first regional bank to introduce unique concierge & MasterCard emergency services
- Only Egyptian bank recognized as 'Best Bank in Egypt' by four publications: Euromoney, Global Finance, EMEA Finance, & The Banker in the same year

2010
- First Egyptian bank to establish a GTS department
- Only bank in Egypt able to retain one of the top two positions in the primary & secondary markets for Treasury Bills & Treasury Bonds
- CIB is the first and only local bank in Egypt to begin enforcing Business Continuity Standards
- CIB Foundation becomes the first in Egypt to have its annual budget institutionalized as part of its founding institution's by-laws, as CIB shareholders unanimously agreed to dedicate 1% of Bank's net annual profit to the Foundation

2011
- CIB-TCM becomes the pioneer of trading in almost 114 new & unconventional currencies

2012
- CIB becomes the first Egyptian bank to officially establish a Sustainable Development Department

2013
- First Egyptian bank to receive JP Morgan Elite STP Award
- First Egyptian bank to upgrade its ADR to be traded on OTCQX platform US
- First Egyptian bank to sign an agreement with Bolero International LTD joining the Bolero Multi-Bank service for Guarantees
- CIB is the first bank in Egypt to establish ERM framework & road map, endorsed & monitored by the BoD
- Becomes the first to use RAROC

2013
- CIB breaks the record for the highest number of blood donors in a corporate office in a single-day campaign in Egypt through the Triple Effect initiative inaugurated by the CIB Foundation
- CIB becomes the first bank in Egypt to introduce an interactive multimedia platform that offers customers the option of interacting with call center agents over video calls

2014
- First Egyptian bank to sign agreement with Misr for Central Clearing, Depository, and Registry (MCDR) to issue debit cards for investors to collect cash dividends
- CIB launches first co-brand credit card, Mileseverywhere, with national carrier EgyptAir
- Introduces the first interactive social media platform in the Egyptian banking industry, available 24/7 to handle all customer queries

2014
- CIB becomes the first bank in Egypt to sponsor the establishment of intensive care units in Sohag through the Foundation, donating EGP 6 mn to outfit the pediatric department at Sohag University Hospital with cutting-edge equipment
- The first block trading transaction on the EGX takes place when Actis sells its 6.5% stake in CIB to Fairfax

2015
- First Egyptian bank to successfully pass external quality assurance on Internal Audit function
- CIB launches roadside assistance services for the first time in Egypt
- CIB generates highest FX income among private-sector banks in Egypt (in the past 10 years)
- CIB becomes the first bank in Egypt to recognize conduct risk & establish a framework for it, despite the lack of regulatory requirements

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CIB: AN INTRODUCTION

CIB has maintained its leading position in the market by offering clients a broad range of world-class financial services in the Corporate Banking, Consumer and Business Banking, and Investment Banking divisions. Our deep and unparalleled knowledge of the local market coupled with our drive to remain up-to-speed with the latest in global product innovations has driven us to expand our range of services over time, constantly rolling-out new offerings that meet our clients' changing demands and better serve their needs.

On the left, Chase National Bank's office in the Garden City district of Cairo, where the Bank commenced its operations on 14 September 1975; on the right, CIB's Building in Smart Village in 2015.

OUR HISTORY IN NUMBERS

Over the years, CIB has grown to become more than just Egypt's largest private sector bank, but one of the country's leading financial institutions, thanks to the flexible and buoyant operating model it has adopted to meet the ever-evolving needs of the different types of clients it caters to.

	2015	1976	CAGR
BRANCHES	187	2	
EMPLOYEES	5,983	236	
ASSETS	179.5 EGP bn	78.9 EGP mn	21.92% CAGR
NET LOANS	56.8 EGP bn	14.1 EGP mn	23.73% CAGR
NET INCOME BEFORE TAX	6.5 EGP bn	1.9 EGP mn	23.11% CAGR
DEPOSITS	155.2 EGP bn	58.2 EGP mn	22.42% CAGR

Figures are calculated on a standalone basis until 2005
Figures are calculated on a consolidated basis starting 2006

	2015	Base year	CAGR
REVENUES	10.2 EGP bn	3.5 EGP mn (1976)	22.69% CAGR
NET INCOME AFTER TAX	4.7 EGP bn	1.9 EGP mn (1976)	22.12% CAGR
EQUITY BEFORE NET PROFIT	11.8 EGP bn	2.5 EGP mn (1976)	24.23% CAGR
ISSUED AND PAID-IN CAPITAL	11.5 EGP bn	2.5 EGP mn (1976)	24.13% CAGR
INCOME TAX	1.8 EGP bn	5.6 EGP mn (1981)	18.56% CAGR
GROSS SOVEREIGN PORTFOLIO	81.7 EGP bn	1.15 EGP bn (1992)	20.36% CAGR
DIVIDENDS PAID	860 EGP mn	20 EGP mn (1992)	17.77% CAGR
MARKET CAP	43.7 EGP bn	1.8 EGP mn (1993)	27.91% CAGR

CIB: AN INTRODUCTION

Our History

Commercial International Bank (CIB) was founded in 1975 as Chase National Bank, a joint venture between Chase Manhattan Bank (49%) and the National Bank of Egypt (NBE) (51%), becoming the first joint venture in the country's history. In 1987, a shift in its international strategy caused Chase to divest its ownership stake, which NBE then acquired, adopting the new name Commercial International Bank.

Over time, NBE decreased its participation in CIB, eventually dropping to 19% in 2006, when a consortium led by Ripplewood Holdings acquired NBE's remaining stake. In July 2009, Actis, a Pan-African private equity firm specializing in emerging markets, acquired 50% of the Ripplewood Consortium's stake. Five months later, in December 2009, Actis became the single largest shareholder in CIB with a 9.09% stake after Ripplewood sold its remaining share of 4.7% on the open market. The emergence of Actis as the predominant shareholder marked a successful transition in the Bank's strategic partnership.

In March 2014, Actis undertook a partial realization of its investment in CIB by selling 2.6% of its stake on the open market but maintaining its seat on the board. In May 2014, the private equity firm sold its remaining 6.5% stake to several of Fairfax Financial Holdings' wholly-owned subsidiaries, making the latter the sole strategic shareholder in CIB. Fairfax is represented on the board with a non-executive member.

What We Do

CIB is Egypt's leading private sector bank, offering a broad range of financial products and services to its clients, including enterprises, institutions of all sizes, high-net-worth (HNW) individuals, and retail customers.

In addition to traditional asset and liability products, CIB offers wealth management, securitization, direct investment, and treasury services, all delivered through client-centric teams.

The Bank also owns a number of subsidiaries, including CI Capital (which offers asset management, investment banking, brokerage and research services, and recently financial leasing after it acquired CIB's stake in CORPLEASE in December 2015), Falcon Group, and Egypt Factors.

At CIB, we strive to provide our clients with superior financial solutions that satisfy all of their financial needs. This allows us to maintain our leading position in the market, offer an engaging work environment for our staff, and generate outstanding value for shareholders.

A Snapshot of Our Business

Corporate Banking

Widely recognized as the preeminent corporate bank in Egypt, CIB aspires to become one of the region's top banks, serving industry-leading corporate clients as well as medium-sized businesses.

Debt Capital Markets

CIB's global product knowledge, local expertise, and capital resources make the Bank an industry leader in project finance, syndicated loans, and structured finance in Egypt. CIB's project finance and syndicated loans teams facilitate market access for large borrowers, providing them with world-class services at execution times that far exceed the market average.

Global Transactional Services

Global Transactional Services (GTS) is a key group within CIB, overseeing cash management, trade finance, and global securities services.

Treasury and Capital Markets Services

CIB delivers world-class services in the areas of cash and liquidity management, capital markets, foreign exchange, and derivatives.

Direct Investment

As a local player that adheres to widely-acclaimed international standards, CIB actively participates in select direct investment opportunities in Egypt and across the region.

Consumer Banking

The Consumer Banking division continues to assert itself as a growing and developing business segment within the institution, dedicating exceptional efforts to improve customer satisfaction levels, by ensuring the delivery of a consistently positive customer experience every time. We offer a wide array of consumer banking products that include:

- ***Personal Loans:*** These focus primarily on the employees of our corporate banking clients, offering them secured overdrafts and trade products.
- ***Auto-Loans:*** The division is well-positioned to actively support this growing market in the coming years within a very competitive, dealer-driven environment.
- ***Deposit Accounts:*** We offer a wide range of accounts that serve all of our clients' deposits and savings needs. These include tailored accounts for minors, youth, and senior citizens, as well as certificates of deposit and care accounts. This is in addition to our standard range of current, savings, and time-deposit accounts.
- ***Residential Property Finance:*** Provides loans to finance home purchases, residential construction, refurbishment, and finishing.
- ***Credit and Debit Cards:*** We offer a broad range of credit, debit, and prepaid cards.
- ***Wealth Management:*** CIB offers a wide array of investment products and services to the largest number of affluent clients in Egypt.
- ***CIB Plus:*** Launched in June 2014, CIB Plus caters to the needs of medium-net-worth individuals, helping them pave their way through to becoming Wealth Segment clients, using simplified products, fast-track services, and personalized service offerings through our network of Plus Bankers.
- ***Insurance:*** CIB's insurance business provides life and general insurance programs that generate non-interest revenues in the form of fees for the Consumer Banking division.

Business Banking

The Business Banking segment is responsible for SMEs in CIB's portfolio, managing over 6,000 retail companies and offering them various products and services that best suit their needs and interests.

Investment Banking Services

Through CI Capital, CIB offers existing and prospective clients a full suite of investment banking products and services, including investment banking, advisory and execution, asset management, brokerage, and equity research. CI Capital offers both deep and broad market knowledge and expertise, and the firm is consistently ranked among the region's leading brokerage houses that serve local and international clients in Egypt.

#1

Bank in terms of:

PROFITABILITY, achieving EGP 4.7 billion in net income

REVENUE, with EGP 10.2 billion in total revenues, higher than any other Egyptian private-sector bank

NET WORTH among all Egyptian private-sector banks, standing at EGP 16.5 billion

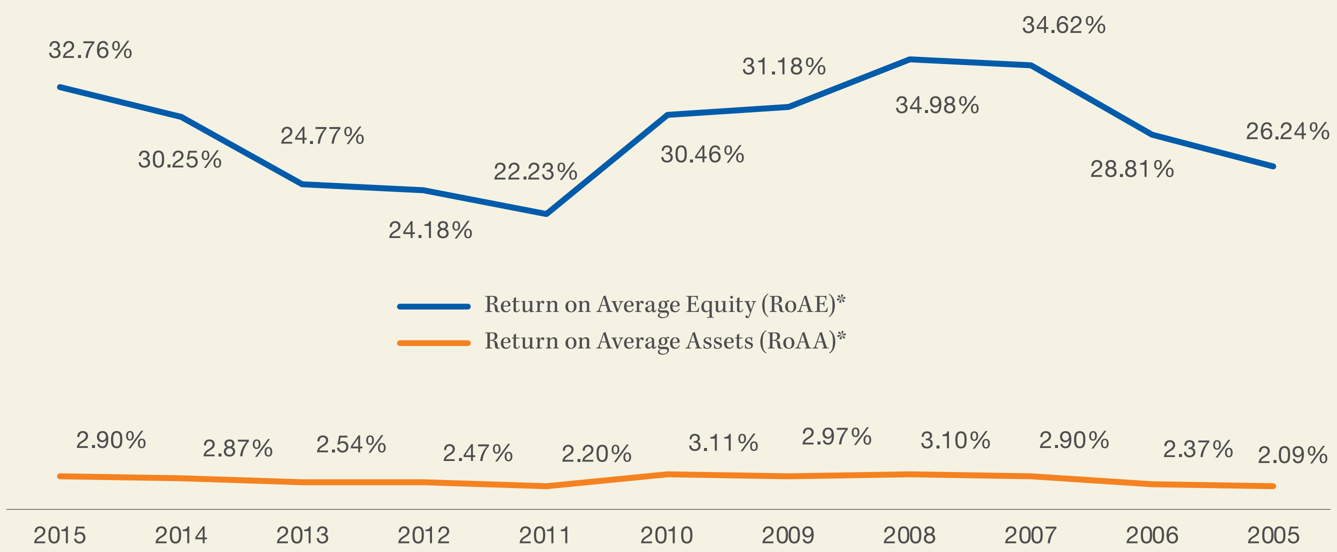
MARKET CAPITALIZATION in the Egyptian banking sector at EGP 43.7 billion

DEPOSITS MARKET SHARE among all Egyptian private-sector banks with an 8.40% share*

As of October 2015 (latest figures available).

OUTPERFORMING IS OUR STRATEGY

An Outstanding Track Record



** Both after profit appropriation on a standalone basis*

Through the innumerable changes that both Egypt and CIB have lived through in the last 40 years, we have remained committed to a strategy that always prioritizes our clients. In implementing that strategy, CIB has focused on delivering sustainable profitability and creating value for clients, shareholders, and the community at large.

Our simple and rewarding strategy revolves around outperforming in all aspects of our business. In that quest for excellence, CIB handpicks its staff members, continuously upgrading and enhancing their skillset through comprehensive training programs, as we believe they are an important component of our success formula. Because we offer our employees a host of career prospects and development opportunities, we attract and retain some of Egypt's strongest banking professionals. This in turn translates into CIB's remarkable ability to expand the scope of our high-quality products and unrivalled banking services to better suit the constantly evolving needs of our client base.

Building a strong brand image that reinforces CIB's standing as ***A Bank to Trust*** has never been a one-man job, as this responsibility extends to each and every one of our employees.

Our Vision

To uphold CIB's distinct reputation as a leading and trusted financial institution in Egypt, respected for its people, strong core values, performance, and commitment to inclusive, responsible, and sustainable growth.

Our Mission

To create outstanding stakeholder value by providing best-in-class financial solutions to the individuals and enterprises that drive Egypt's economy. Through our innovative product offerings, superior customer service, staff development strategies, and commitment to sustainability, we will realize our ambitions and help shape the future of banking in Egypt for years to come.

Our Objective

To grow and help others grow.

Our Values

A number of core values outline the way in which CIB employees work together to deliver effective results for our customers and community.

Integrity
- Exemplify the highest standards of personal and professional ethics in all aspects of our business
- Be honest and open at all times
- Stand up for one's convictions and accept responsibility for one's own mistakes
- Comply fully with the laws, rules, and practices that govern CIB's business in Egypt and abroad
- Say what we do and do what we say

Client Focus
- Our clients are at the heart of our activities and their satisfaction is our ultimate objective
- Our success is dependent upon our ability to provide products and services that help our clients achieve their goals
- We partner with our clients and work together as a single team with success as our primary objective

Innovation
- CIB has been a pioneer of the financial services industry since its inception as the first joint venture bank in Egypt 40 years ago, and we believe innovation is a core competitive advantage and promote it accordingly
- We aim to lead Egypt's financial services industry to the future, with innovation being a key factor in serving the millions of Egyptians who remain unbanked or underserved

Hard Work
- Our work is governed by discipline and perseverance in order to achieve outstanding results for both our clients and stakeholders
- Our commitment to our clients is guided by our drive for excellence
- We work with our clients to accomplish their present goals and anticipate and plan future goals and objectives

Teamwork
- We collaborate, listen, and share information openly within the CIB family to enhance every staff member's knowledge base and skillset
- Each member of our staff is an ambassador of CIB's corporate brand and image
- We value and respect each other's cultural backgrounds and unique perspectives

Respect to the Individual
- We respect all individuals, whether employees, clients, shareholders, or community members
- We treat each other with dignity and respect and take the time to respond well to questions and concerns
- We firmly believe each individual should have the space to make suggestions and offer constructive criticism
- CIB is a meritocracy, where all employees are privy to equal development opportunities based only on merit and accomplishments

Decorum
- CIB places employee–client and business etiquette in the highest regard and maintains strict policies for governing decorum
- The observance of good behavior, speech, actions, and dress code is part and parcel of our culture at CIB

Key Facts

- Our 5,983 employees serve some 710,195 active customers
- EGP 180 billion in total assets
- 17,342 internet banking subscribers
- More than 7 million website visits
- Over 500 of Egypt's largest corporations bank with CIB
- The installation of LED lighting at 38 branches in Cairo, along with the Giza Head Office and two buildings in Smart Village has reduced energy consumption by 31%
- The installation of water restrictors bank-wide has reduced water consumption by 30%
- Decreased paper consumption by 26%
- Planting rooftop gardens and green walls that decrease CO2 emissions

KEY FINANCIAL HIGHLIGHTS

	FY 15 Consolidated	FY 14 Consolidated	FY 13 Consolidated	FY 12 Consolidated	FY 11 Consolidated	FY 15	FY 14	FY 13	FY 12	FY 11	FY 10	FY 09	FY 08	FY 07	FY 06	FY 05
Common Share Information Per Share																
Earning Per Share (EPS) *						3.58	3.55	2.67	2.42	2.43	3.00	2.63	4.89	3.73	3.64	2.77
Dividends (DPS)						0.75	1.20	1.00	1.25	1.00	1.00	1.50	1.00	1.00	1.00	1.00
Book Value (BV/No of Share)						14.39	16.31	13.46	18.94	15.03	14.59	23.75	19.25	20.93	15.59	19.44
Share Price (EGP) **																
High						47.4	51.3	45.4	39.8	47.4	79.49	59.7	93.4	95	79	63.5
Low						28.9	32.6	27.4	21.1	18.5	33.75	29.5	27.87	53.61	42.11	39.91
Closing						38.1	49.2	32.6	34.6	18.7	47.4	54.68	37.2	91.77	57.87	58.68
Shares Outstanding (millions)						1,147	908.2	900.2	597.2	593.5	590.1	292.5	292.5	195	195	130
Market Capitalization (EGP millions)						43,692	44,673	29,330	20,646	11,098	27,973	15,994	10,881	17,895	11,285	7,628
Value Measures																
Price to Earnings Multiple (P/E)						10.6	13.9	12.2	14.3	7.7	15.8	20.8	7.6	24.6	15.9	21.2
Dividend Yield (based on closing share price)						1.97%	2.44%	3.07%	3.62%	5.35%	2.11%	2.74%	2.69%	1.09%	1.73%	1.70%
Dividend Payout Ratio						18.54%	29.9%	34.4%	33.9%	33.9%	27.6%	24.6%	18.1%	15.8%	27.5%	21.3%
Market Value to Book Value Ratio						2.65	3.02	2.42	1.83	1.24	3.25	2.30	1.93	4.38	3.71	3.02
Financial Results (EGP millions)																
Net Operating Income***	10,222	7,741	6,700	5,344	3,934	10,194	7,717	6,206	5,108	3,837	3,727	3,173	3,200	2,288	1,741	1,450
Impairment charge for credit losses	1,682	589	916	610	321	1,682	589	916	610	321	6	9	395	250	193	364
Non Interest Expense	2,057	1,705	1,608	1,653	1,557	2,057	1,705	1,450	1,445	1,337	1,188	1,041	950	636	668	474
Net Profits	4,729	3,741	3,006	2,226	1,615	4,641	3,648	2,615	2,203	1,749	2,141	1,784	1,615	1,233	802	610
Financial Measures																
Cost : Income	20.40%	22.84%	23.54%	30.64%	40.04%	20.45%	22.91%	22.89%	28.01%	35.26%	33.11%	32.31%	29.89%	27.12%	37.96%	29.29%
Return on Average Common Equity (RoAE)****	33.43%	31.31%	29.45%	25.49%	20.86%	32.76%	30.25%	24.77%	24.18%	22.23%	30.46%	31.18%	34.98%	34.62%	28.81%	26.24%
Net Interest Margin (NII/average interest earning assets)						5.59%	5.41%	5.36%	4.74%	3.71%	3.62%	3.81%	3.54%	3.12%	3.06%	3.50%
Return on Average Assets (RoAA)	2.95%	2.94%	2.93%	2.51%	2.03%	2.90%	2.87%	2.54%	2.47%	2.20%	3.11%	2.97%	3.10%	2.90%	2.37%	2.09%
Regular Workforce Headcount	6,332	5,697	5,490	5,181	4,867	5,983	5,403	5,193	4,867	4,517	4,360	4,162	3,809	3,132	2,477	2,301
Balance Sheet and Balance Sheet and Off Balance Sheet Information (EGP millions) Off Balance																
Cash Resources and Securities (Non. Governmental)	34,808	19,328	16,413	16,140	18,990	34,097	19,430	16,646	16,764	19,821	16,854	16,125	14,473	21,573	13,061	10,537
Net Loans and Acceptances	56,836	48,804	41,866	41,877	41,065	57,211	49,398	41,970	41,877	41,065	35,175	27,443	26,330	20,479	17,465	14,039
Assets	179,500	143,813	113,752	93,957	85,506	179,193	143,647	113,752	94,405	85,628	75,093	64,063	57,128	47,664	37,422	30,390
Due to Customers	155,234	121,975	96,846	78,729	71,468	155,370	122,245	96,940	78,835	71,574	63,480	54,843	48,938	39,515	31,600	24,870
Common Shareholders Equity	16,535	14,754	11,960	10,765	8,712	16,512	14,816	12,115	11,311	8,921	8,609	6,946	5,631	4,081	3,040	2,527
Average Assets	161,657	128,783	103,854	89,731	80,480	161,420	128,700	104,079	90,017	80,361	69,578	60,595	52,396	42,543	33,906	29,183
Average Interest Earning Assets	146,033	117,031	94,749	80,063	70,913	145,835	117,133	94,605	79,834	70,549	61,624	53,431	44,602	36,603	29,277	25,619
Average Common Shareholders Equity	15,645	13,357	11,362	9,738	8,640	15,664	13,465	11,713	10,116	8,765	7,777	6,288	4,856	3,560	2,784	2,325
Balance Sheet Quality Measures																
Equity to Risk-Weighted Assets***	15.73%	15.77%	15.28%	14.88%	14.11%	15.70%	15.84%	15.50%	15.69%	14.49%	15.85%	15.34%	13.93%	13.60%	11.69%	11.49%
Risk-Weighted Assets (EGP billions)	96	84	70	65	55	96	84	70	65	55	49	41	37	30	26	22
Tier 1 Capital Ratio*****	15.18%	15.70%	15.23%	14.33%	12.53%	15.18%	15.70%	15.23%	14.33%	12.53%	15.66%	15.28%	13.74%	10.17%	9.59%	9.78%
Adjusted Capital Adequacy Ratio*****	16.23%	16.77%	16.32%	15.71%	15.40%	16.23%	16.77%	16.32%	15.71%	15.40%	16.92%	16.53%	14.99%	14.70%	13.60%	13.10%

** Based on net profit available to distribution (after deducting staff profit share and board bonus)*
*** Unadjusted to stock dividends*
**** 2015 and 2014 excluded CI capital profit (discontinued operations)*
***** Total Equity after profit appropriation*
****** 2014, 2013 and 2012 as per Basel II regulations after profit appropriation*

CIB premises in the early 1990s, with the iconic green wall-to-wall carpets and Chase Manhattan Bank's orange telephone.

CHAIRMAN'S NOTE

It would be shortsighted to merely look forward to the start of a "new year" as we close the books on 2015. Like our peers in the industry, we go into 2016 with questions and plans: Questions regarding the outlook for Egypt's monetary and foreign exchange policy and plans to capture the opportunities the new year will surely bring.

But to merely focus on our knitting and prepare for 2016 is the worst service we could do to our shareholders: Whether we realize it or not, waves of change and transformation — or "disruption," to borrow the term now so popular globally — are coming for our industry here in Egypt.

Looking back on the past decade, industry after industry has begun the new year with limited planning horizons, believing their business secure and their regulatory framework clear, only to find themselves lagging behind more nimble players that combined creativity, audacity, and technology.

The software industry was content selling shrink-wrapped diskettes at retail points of presence. Today, a new breed of companies is selling software as a service, downloaded from the cloud. Media sold their product on dead trees and pressed plastic — today, it is painfully searching for a new, sustainable business model. Coal was king until oil came along. Now oil is teetering and renewable energy — once the plaything of wealthy nations and wealthier people — is on the rise. In the wake of the COP 21 accord in Paris and the plunging cost of renewable tech, renewable energy isn't just the future, it could be among the salvations of what we know as civilization today.

We are on the cusp of a similar transformation in the banking industry. It is, to borrow from John Foster Dulles, time for nothing less than an "agonizing reappraisal" of what the future of banking looks like.

Having consolidated from more than 60 institutions to 40 today, the question for us here in Egypt is not whether we will see further consolidation, nor should we dwell whether new — traditional — entrants are licensed. Instead, we must accept that while the regulators and established forces of any industry can defend it for a time, change will take place, and the fences will come down.

The rise of digital-only financial institutions and shadow banking in the North America, Europe, and Asia point the way, as does the popularity of mobile money in East Africa and elsewhere on our continent. Already, we see seeds of change sprouting in Egypt:

Real estate developers are serving as substitutes for mortgage finance. The Egyptian Financial Supervisory Authority is actively leading change that has seen the emergence of striking new competition in the lease financing and non-banking financial services sector. EFSA has also broken new ground by allowing consumers to subscribe to some insurance products digitally.

With external competition growing, we as an industry must accept that this change cannot be ring-fenced. The banking industry a decade from now will bear little resemblance to its current form. Financial services will be evermore crucial, but they will not be delivered solely through brick and mortar points of presence. Clients will not merely be checking balances online; they will have access to the full bank experience, with all products and services delivered digitally.

Indeed, the "technology of tomorrow" about which we're now speaking as an industry is already out of date — developers are working on innovations with commercial implications that we cannot imagine. Moreover, our competitors will increasingly be global: We do not want to wake up and find we have been disrupted by global players selling into our market and find we have a financial services sector, but no banking industry.

Across all borders, the industry must do two things: It must embrace technology, and it must become truly, fundamentally customer-centric. As an industry, we are living now through the last days in which customers may be treated as a captive audience that should feel grateful to choose from our set menu. The reality is simple: What was science fiction a decade ago is fact today.

Against this backdrop, CIB is innovating. As we do so, we are calling on the institutional depth that has allowed us over the past 40 years to remain the nation's leading private-sector bank.

We will measure going forward not just our cost-to-income ratio, but our investment in technology and innovation. Data analytics will drive decision-making not just at the institutional level, but in real time at the level of each and every transaction into which we enter, from micropayments to the largest of syndicates facilities. With this in mind, we have engaged our first Chief Data Officer. Recognizing that change will be driven in part by actors outside our system, we are opening a venture capital lab that will ensure we have access to the latest technologies and to the best thinkers on the trends that will help redefine our industry.

In parallel, we are breaking responsibility for digital product offerings out of individual silos across the bank and centralizing

> *Financial services will be evermore crucial, but they will not be delivered solely through brick and mortar points of presence.*

responsibility in a single department reporting directly to senior management to expedite the process of innovation. Technology is an aid to decision-making. It is an originator of new products we have not yet conceived. And it is a delivery channel for CIB of no less importance than our branch and credit officers.

As we do this, we are mindful that we have, in many ways, "been here before." The coming three to five years will be 2003-05 writ large. At that time, all banks were fundamentally focused on corporations, but we saw a remarkable opportunity to begin growing our consumer offering — and invested accordingly. The market players who looked askance at our investment at the time awoke later to find that we had a substantial first-mover advantage in retail banking, one that many are still fighting to narrow.

I am delighted with our institution's performance in the 12 months to 31 December 2015, and the report of our Board of Directors on pages 14-23 will recap that for you. As we set forth on this journey of transformation, we will cheer every milestone year-after-year in our annual report, just as we have for the past 40 years. But we will not dwell on recent accomplishments when the future stakes are so much greater.

Hisham Ezz Al-Arab
Chairman and Managing Director

BOARD OF DIRECTORS' REPORT

For Year-ended 31 December, 2015

Foreword

Several important events made us proud in 2015 as we marked 40 years of success since our establishment as the first joint-venture bank in Egypt under the open-door policy inaugurated in 1975.

Since Chase Manhattan Bank divested its stake in 1987, we have been the home-grown leader of the private-sector banking industry. Today, our 40-year institutional banking memory is one of the crown jewels of the nation's economy. We are honored to have been stewards of this institution in 2015 as we added to a four-decade-long track record as an engine of national and private-sector growth. Our review of these activities is below in our Board of Directors' report for the year-ending 31 December 2015.

Macroeconomic Overview: 2015

The last few years in Egypt have been challenging on the economic and political fronts, to say the least. In this respect, we welcomed the election in 2015 of a parliament as the final step in the transitional agenda.

On the economic front, Egypt attracted global attention twice in 2015; first with the successful Egyptian Economic Development Conference (EEDC) in March, which took place in the city of Sharm El Sheikh. The Egyptian government used the conference, which was attended by world leaders, representatives of regional and multinational conglomerates, and numerous local and international investors, as an opportunity to renew investor confidence in the Egyptian market. The government announced a bundle of crucial economic reforms, including the new investment law, which delivered new regulations and tools governing dispute resolution between parties in contracts in accordance with international best practices.

The conference, moreover, saw the announcement of numerous significant investment opportunities across all major sectors and industries. More than 60% of the Memorandums of Understanding (MoU) signed during the conference have already progressed into 19 contracts worth a total of USD 58.8 billion. Petrochemicals and energy and power led the way with four contracts each totaling USD 21 billion and USD 9.5 billion, respectively.

With the inauguration of the New Suez Canal in August, Egypt won global attention once more as it concluded a megaproject in under one year. Notably, the project was fully funded by domestic resources in a record eight days. The New Suez Canal underscored Egypt's vision and determination to build a better future and aimed to strengthen the country's positioning on the global trade map. The rewards of the new Suez Canal will not be exclusive to Egypt with respect to revenue growth and the flow of foreign currency, but will extend to the whole world through the Canal's contributions to global maritime trade; truly it is Egypt's gift to the world.

The government of Egypt also worked throughout 2015 to restore the country's competitive advantage and ability to attract investment. The strategy seeks to expand the participation of the private sector in vital sectors, especially traditional and renewable energy. The government is expected to follow a similar trajectory with healthcare and education over the coming years, thus limiting the role of the state to that of regulator.

In line with that strategy, Egypt slashed the corporate tax rate to 22.5% from 30% and expanded its jurisdiction to include economic zones that had formerly been subject to only 10%. State policy is to strike a balance between attractiveness to investors, on the one hand, and ensuring the government has adequate resources on the other. The government's ongoing encouragement of financial inclusion should also be viewed in that light.

From a start in 2014, Egypt continued to gradually reduce its energy subsidy bill through a comprehensive restructuring of the subsidy system. The move reaffirms the country's commitment to restoring economic stability and simultaneously ensuring there is social justice by targeting the subsidies to those who most need them.

Although economic challenges still exist, GDP grew 4.2% in FY2014/15 compared to 2.2% in FY2013/14. The deficit in the state budget — a matter of great concern for the government — declined to 11.5% of GDP in FY2014/15 from 12.2% in FY2013/14.

In June, Egypt signaled its accessibility to global financial markets by issuing USD 1.5 billion in 10-year bonds, the first issuance of its kind since 2010. The issuance was well received and was 3x oversubscribed.

Inauguration of Chase National Bank's head office in the Nile Tower building in 1983. From the right, NBE Chairman Mr. Abdelmoneim Rouchdy, Chase National Bank's General Administration Manager Mr. Fathy Sherif, Economy Minister Mr. Moustafa Al Saied, Chase Manhattan Bank Chairman Mr. David Rockefeller, Chase National Bank Chairman Mr. Ali Dabbous, CBE Deputy Governor Mr. Ali Negm, and CBE Governor Mr. Mohamed Shalaby.

Foreign direct investment improved over the course of the year, growing 55% over FY2013/14 to USD 6.4 billion at the end of FY2014/15 compared to the USD 4.1 billion it recorded a year before. Meanwhile, foreign currency reserves slightly improved year-on-year to record USD 16.42 billion by end-November 2015 compared to USD 15.88 billion in November 2014, which is still an alarming level.

Last year saw fluctuation in the value of the Egyptian Pound against the US Dollar, which opened 2015 trading at EGP 7.14. The Egyptian Pound then fell to EGP 7.93 to the dollar in October in a devaluation aimed at boosting exports and attracting further investment. In the wake of a change of management, the Central Bank of Egypt (CBE) surprised the market a month later by appreciating the EGP to 7.73 for a YoY percentage change of -8.26%. The CBE moreover tightened import regulations and gave priority to imports of essential goods, only in a bid by the CBE to support local manufacturing and better preserve foreign currency reserves that began retreating in June 2015.

In an attempt to help banks meet ever-increasing demand for foreign currency, the CBE injected around USD 1 billion into the Inter-Bank market to cover a portion (25%) of the outstanding refinancing loan balances that had been previously booked to clients, which helped banks ease the pressure. The CBE stated in December that it had repaid foreign investors a total of USD 546 million in stocks and securities, clearing all pending backlogs that had built up amid the shortage of USD. The CBE added in its statement that its repatriation mechanism was still active and that it would provide currency to foreigners investing in government securities and stocks.

In a nod to the stock market's importance to the economy, the government decided in 2015 to stay the implementation of a 10% tax on capital gains for two years. The decision was very much welcomed by the investment community.

Tourism, which was a major revenue driver for Egypt pre-2011, remains a key concern. The sector had been showing real signs of recovery in 2014 and well into 2015, but has slowed down towards the end of the year with the number of tourists arriving to Egypt declining significantly by 37% in November compared to the same month of 2014.

The Stock Market in 2015

Major challenges faced by the global economy, topped by a sharp drop in world oil prices, negatively impacted the performance of various global indices, Egypt's among them. The benchmark EGX30 declined 22% YoY in 2015.

A Review of the Banking Sector in 2015

One of CBE's main areas of focus in the last few years, specifically in 2015, was further raising banking awareness. Financial inclusion topped the Central Bank's list of priorities as it started paying government employees using electronic cards, a stepping-stone in the journey towards a cashless society. Additionally, the bank launched an initiative that seeks to introduce mortgages to the market, especially to lower-income segments, and partnered with other stakeholders to address the gaps in the field of microfinance.

Moreover, growing interest in the Egyptian market was met with increased foreign ownership of banks, resulting in new business and investment opportunities. These banking reforms rendered the sector's survival unscathed during the global financial crisis and allowed it to weather the storm that came in the wake of the Arab Spring.

Deposits have been growing steadily over the years thanks to rising awareness of the importance of banks; loans have similarly been increasing. System-wide loans and deposits grew by 22% and 21%, respectively, over FY2014/15, and banks still enjoy comfortable levels of liquidity, as made evident by the banking system's 41% loans-to-deposit ratio. The banking sector recorded low credit losses, with the ratio of non-performing-loans to total loans standing at a record-low of 7.6% in June 2015, down from 9.1% a year before.

Macroeconomic Outlook: 2016

Despite the ongoing political and economic tensions in our region, our country still has growth and investment opportunities to offer and we are confident that the route of ongoing economic reforms will facilitate seizing these opportunities. That comes in accordance with the government's continuous efforts to initiate megaprojects in different industries, including one that is currently turning the Suez Canal axis into a full-fledged economic zone and a hub for global trade. This project would be accompanied by sizeable investments in infrastructure projects in the Canal area, creating new economic opportunities and helping curb unemployment.

Another forward-looking project aims to increase agricultural production through the reclamation of 1.5 million feddans in the western desert and secure the creation of job opportunities within agriculture and it supporting sectors.

In the medium-term, Egypt's persistent energy crisis is expected to come to an end with the discovery of the Zohr natural gas field, which is believed to be the largest-ever discovered in the Mediterranean area. Once it comes on stream, the field is expected to make Egypt self-sufficient for decades, allowing it to meet its increasing domestic demand.

The government aims to reinforce Egypt's image as a global digital hub by capitalizing on its unique geographic location and ever-expanding wealth of young human capital. Efforts are being made to encourage the private sector to enhance the Information and Communication Technology (ICT) segment. Moreover, the government is working on expanding infrastructure projects and taking structural measures to develop the regulatory and institutional frameworks that would accelerate the private sector's contribution to the development of the ICT sector and consequently increase its contribution to GDP.

Focus on Commercial Banking Activities

Throughout its 40-year history, CIB has always had a vision of becoming Egypt's largest financial institution by providing a suite of full banking and non-banking services to clients of varying needs. That vision has shaped every step and decision we have taken.

Our growth strategy is to achieve sustainable and profitable growth based on customer centricity, operational efficiency, and organizational development. Our main objective is the healthy management of our portfolio while maintaining sound capital, profitability, and asset quality.

In that respect, CIB's Board has decided to gear all the Bank's efforts towards commercial banking activities, as the potential growth opportunities that exist in the Egyptian banking sector require CIB's full attention if we are to not only maintain but enhance our leading position. To deliver on this strategy, the Bank has started to gradually off-load its non-core investments.

Acquisition of Citibank's retail portfolio

In accordance with the Bank's strategy of expanding its commercial activities, CIB found such an opportunity in the consumer-banking sector when Citibank announced earlier this year that it would be selling its Egyptian retail portfolio. In November, the Bank acquired around USD 135 million in assets, USD 190 million in deposits, 100,000 customer accounts, 822 full-time consumer banking and contract employees, eight branches, and Citibank's ATM network of 21 machines. This transaction added around 72,000 credit card accounts to CIB's existing base of 270,000, catapulting the Bank among Egypt's market leaders in the credit card business.

Sale of CIL

In line with the Bank's strategy of divesting non-core holdings, CIB has sold its 45% stake in Commercial International Life Insurance Company (CIL) to AXA, a leading global insurance player that also bought the UK's Legal and General 55% stake in CIL. The transaction was concluded in November.

Stemming from our unwavering commitment to our clients, and in order to continue offering insurance products with excellent value-for-money, CIB signed a 10-year partnership agreement with AXA that grants the Bank exclusive distribution rights for AXA in Egypt.

CI Capital Holding acquires CIB's stake in CORPLEASE

Also as an outgrowth of this strategy, the Bank has sold its stake in CORPLEASE to CI Capital in December, thus adding financial leasing activities to the company's product menu.

Potential Sale of CI Capital Holding

In the same context, CIB received in December 2015 a non-binding offer from Orascom Telecom Media and Technology Holding (OTMT) to potentially acquire CI Capital Holding. The BoD agreed to begin a due diligence process that was finalized in February 2016. Following that, CIB received and accepted a binding offer from OTMT that amounted to EGP 924 million. Both parties will proceed with the necessary processes to complete the transaction once they come to an agreement regarding final terms and conditions.

2015 Financial position and highlights

CIB reported another exceptional set of results on its 40th anniversary, with an increase of 26.39% YoY in consolidated net income, which came in at EGP 4.73 billion for the full year 2015. Standalone net income reached EGP 4.64 billion, 27.23% over 2014. Standalone revenues grew by 32.10% over the previous year to reach EGP 10.19 billion.

The Bank recorded net interest income of EGP 8.12 billion, an increase of 29.31% YoY. Non-interest income recorded its highest annual growth rate in five years, standing at EGP 2.11 billion for the full year. Net fees and commission income showed an increase of 10% YoY at EGP 1.63 billion.

All financial indicators emphasized the Bank's strong financial performance in 2015. CIB maintained its efficiency in 2015, with cost-to-income ratio declining to 20.40% compared to 22.84% in 2014, which was the lowest-cost-to-income ratio recorded in the last ten years. The Bank continued on its upward trend in RoAE, which recorded 33.43% on a consolidated basis (post-appropriation), up from 31.31% in 2014. Consolidated RoAA grew from 2.94% in 2014 to reach 2.95% in 2015. Net interest margin continued its growth to end the year at 5.59%, increasing by 18bps.

The Bank's loan portfolio stood at EGP 62.6 billion at year's end, growing by 18% YoY, which represented an increase in the loan portfolio of EGP 9.45 billion during 2015. This increase comes in accordance with the Bank's strategic objectives in maintaining asset quality and enhancing profitability. The Bank's market share of total loans amounted to 8.05% in October 2015.

CIB aggressively pursued deposit growth in 2015, adding EGP 33.3 billion to its base, which grew to EGP 155.2 billion, an increase of 27% over 2014. The Bank had the highest growth rate in deposits among its peers. CIB's share of the deposits market had grown 56bp during 2015 to reach 8.40% in October 2015.

The Bank ended the year with a buoyant balance sheet and capital base, which is reflected in its comfortable capital adequacy level of 12.72%[1], exceeding CBE stipulated liquidity ratios and enhancing the bank's ability to face uncertain economic circumstances, should any unfold.

CIB continued achieving strong growth in Net Interest Income, fees and commissions, and the balance sheet. Relative to its peer group, CIB had the highest deposit growth YoY and maintained the lowest cost-to-income ratio. Overall, CIB's strong financial performance in 2015 exceeded P&L targets.

Best-in-Sector Asset Quality through Effective Risk Management

The Bank's management succeeded in preserving asset quality despite the challenges faced by both the Egyptian and international economies, which affected different economic sectors. This was achievable due to the conservative risk management approach the Bank follows and the clear vision management has in assessing diverse risk types that may arise in different sectors, as well as the necessary precautions that minimizes those risks through a focus on strengthening financial performance and the balance sheet. The NPL-to-gross-loans ratio declined to record 3.98% in 2015 from 4.71% the year before.

Given international turmoil and its impact on a number of domestic economic sectors (tourism in particular), CIB's management took loan loss provisions amounting to EGP 1.68 billion for the full year to better defend the Bank's loan portfolio.

Deposit Growth

CIB's loan-to-deposit ratio declined to a record 40.31% for 2015 versus 43.55% a year earlier due to the Bank's success in gathering more deposits. The Bank attracted 11% of all new deposits in the sector as of October, where excess liquidity was utilized in sovereign paper. Most of this growth came in the form of local currency demand deposits with a low cost funding source and through soliciting payroll accounts for our corporate clients. This segment has grown by 32.56% YoY and constituted c.44.% of total deposits.

Upward Trajectory in Equity Returns

The Bank was not only able to maintain high returns on equity over the past several years, but also sustain an upward trend. This was once again made evident by the RoAE ratio, which reached 33.43% up from 31.31% (after appropriation and based on the suggested profit appropriation schedule).

Expenses Rationalization and Efficiency Ratio

Personnel and administrative expenses increased by 21% in 2015, as we continued investing in the long-term growth and sustainability of the Bank. However, we will continue to be watchful of our expenses, keeping cost-income around the 30% benchmark set by the BoD.

Appropriation of Income

The Board of Directors proposed increasing its legal reserve by EGP 232.0 million to EGP 1,035.3 million, and its general reserve by EGP 2,944 million to EGP 4,462 million. The Board also proposed distributing a dividend of EGP 0.75 per share in 2015. This proposal aims to reinforce the Bank's solid financial position, which remains strong with a capital adequacy ratio of 12.72% and an adjusted CAR of 16.23% (including profits attributable to shareholders).

The above suggestions come in light of international regulations for bank capital requirements that are becoming more stringent. The CBE is, simultaneously, becoming more responsive to Basel Committee recommendations, making it crucial to keep a close eye on the Bank's capital adequacy for the coming three years. The outlook for interest and exchange rates may also have an impact on capital needs. Hence, the prudent decision to start building a capital cushion would enable CIB to meet these expected requirements and avoid any potential additional capital needs that may arise in the com-

[1] *CAR based on Basel II as modified by CBE before profit appropriation*

ing years. For this reason, CIB's Board proposed to distribute EGP 0.75 dividend per share this year in order to maintain a sustainable stream of dividends in the future.

2015 Activities

Building on our legacy as Egypt's leading private-sector bank, CIB continued with its mandate to excel and further cement its foothold in the country. The past year witnessed many successes across the full range of our businesses, highlighted below:

Institutional Banking

The IB Group grew from strength to strength this year, reinforcing CIB's image as the bank of choice.

The Group's one-of-a-kind experience was positively reflected in the confidence of both the private and public sectors, which drove the IB Group's year-on-year performance by 16% despite the challenges facing the Egyptian economy. The IB Group continued to be the highest contributor to the Bank's bottom line, contributing c. 69% of CIB's profits, as it recorded EGP 4.42 billion in net income before tax in 2015 with higher foreign exchange gains and a robust performance on trade services fees. These strong results reiterate the strength of the Group in weathering all challenges thanks to its successful and conservative strategy. Notably, a core element of that strategy was safeguarding asset quality in light of a proactive risk framework.

Consumer and Business Banking

Over the past years, CIB has been preparing to capture a significant share of the Consumer Banking arena. Serious steps in that direction had a direct impact on achieving the sector's short- and medium-term objectives. Among the initiatives taken in this regard was a focus on building a more interactive relationship with customers, which was reflected in growing sales and maintaining our customer base in addition to attracting new customers. This was achieved through the fine-tuning of the sector's product and service offerings and launching a set of new products and innovative offers, in addition to improving satisfaction rates. The Consumer Banking business moreover aims to implement the Bank's strategy in the gradual transformation from a primarily corporate-focused bank serving some of the largest corporates to Egypt's largest private-sector financial institution, with a strong retail services arm for individuals and SMEs alike.

The dynamics of the Egyptian market encouraged this transformation strategy. With a population of over 90 million, Egypt is the most populous country in the Middle East with a very low penetration rate. CIB has been positioning itself to tap into the potential of this underserved segment of the population with low-banking exposure. Accordingly, the division has been encouraging a wide-base of individuals to tap into the banking sector and benefit from different banking and financial services through the continuous development of its product and service offerings. In that vein, we continued adding to our extensive branch network, opening a total of 21 new branches in 2015 alone. Additionally, we have renovated eight branches acquired during the Citibank retail portfolio transaction, bringing the Bank's total branch network up to 187 branches by year-end 2015.

In its efforts to cater to a wider segment of the population, our Business Banking division (under the Consumer Banking umbrella) has worked hard to widen its client base by responding to small and mid-cap companies' changing financial needs with appropriate products and services. The division has successfully reached its target customers who have serious projects through effective marketing strategies. As a result, Business Banking showed a remarkable growth of 38% in net profits vs. 2014, which totaled EGP 491.7 million.

Operations and Information Technology

The Bank implemented several projects within the Operations and IT Group during 2015, where the Group focused on plans to increase workforce productivity and operational efficiency with the ultimate goal of enhancing customer experience in mind. As such, several automation and process re-engineering initiatives were implemented in 2015, including the automation of custody operations, and increasing rates of our straight-through-processing (STP). A number of key projects were also launched in 2015 as part of the bank's transformation strategy, including a Customer Relationship Management system (CRM).

The integration of Citibank's acquired retail portfolio was another important project for the Group this year. The Operations and IT Group implemented a six-month transition plan to ensure a smooth handover, with the conclusion of the process expected by the end of April 2016.

In the digital arena, where CIB is currently looking to expand its activities, the Bank launched several new initiatives, including a pilot program for CIB Smart Wallet, a product that offers a unique financial solution for the issue of financial inclusion. Moreover, our countrywide network of 662 ATMs was upgraded with additional features, such as accepting checks. The Interactive Voice Response System (IVR) was also completely revamped to improve customer experience. In 2015, our call center handled more than three million self-service queries and agent-managed calls with inquiries, requests, and complaints. The same goals also saw CIB ramp-up its social media presence, creating a LinkedIn platform and launching a Facebook page (late 2014).

Business Continuity

CIB has been a pace-setter in the field of business continuity and still has further investments to make in improving its recovery capabilities to ensure its ability to swiftly overcome any unforeseen disruptive events that might affect business continuity within different sectors. The goal is to safeguard the quality of services we offer our clients, whatever the circumstances might be. In appreciation of our implementation of international best practices and standards, the US-based Disaster Recovery Institute International (DRII) awarded CIB staff the title "Business Continuity Team of the Year" in 2015. The DRII is one of the world's most reputable business continuity, disaster recovery, and crisis-management institutions.

Big Data... Big opportunity

Given the banking industry's increased customer focus, Board Members were determined to increase the organization's power of predictability to support CIB' movement towards a more customer-centric approach.

CIB began its road towards "big data" in 2015, becoming one of the pioneers of this concept. Our strategy involves working on four fronts: data enrichment, customer analytics and insights, data governance, and cultural building. Furthermore, the availability and democratization of data will develop and speed-up the decision-making process, improving CIB's responsiveness and agility.

CIB has already made headway in implementing the strategy, with the organizational structure now in place and the necessary resources already deployed or in the process. Current and projected gaps in enterprise data's warehouse infrastructure have been addressed and awareness about data analytics is being disseminated across the organization.

Awards and Recognition

We are proud of the international awards and accolades we continue to receive in recognition of our leadership position in the banking sector. Global acknowledgement not only reflects our profound understanding of the Egyptian market and its dynamics, but also our ability to serve our clients. CIB received a total of 21 international awards in 2015, among them:

- Eight awards from Global Finance: Best Bank in Egypt 2015, Best Trade Finance Provider in Egypt, Best Sub-Custodian Bank 2015, Best Information Security Initiatives, Innovators in Foreign Exchange, Best Corporate/Institutional Internet Bank in Egypt, Best Foreign Exchange Providers in Egypt, and Best Consumer Digital Bank In Egypt;
- Three awards from Banker Africa: Most Socially Responsible Bank in North Africa, Best Commercial Bank Egypt, and Best Corporate Bank North Africa;
- Two awards from EMEA Finance: Best FX Services in North Africa, and Best Bank in Egypt (EMEA Finance African Banking);
- Two awards from Asian Banker: Achievement in Enterprise Risk Management of the Year, and Strongest bank by balance sheet in Egypt for 2015;
- Two awards from JP Morgan: Elite Quality Recognition Award - MT 103 (90%), and Elite Quality Recognition Award - MT 202 (98%);
- Best Bank in Egypt - Excellence Award by Euromoney;
- Bank of the Year Egypt – The Banker;
- Trade Finance Deal of the Year - African Banker.

Our Success Formula

Our impressive financial performance and accomplishments across the different lines of business, as well as the international recognition we received are the result of continuous efforts and hard teamwork.

It all begins with our staff...

We believe that the success of any institution is dependent on the quality of its workforce. With this conviction, the Bank has continuously enhanced its work environment, not only to attract the best talent in the industry, but to upgrade their skills as well.

Recruitment and Selection

To best serve CIB's aggressive growth strategy, the Human Resources (HR) department continuously reviews its hiring criteria and devises new methods of assessing candidates to ensure that only the qualified caliber, who enjoy relevant expertise are employed. The I-Recruitment system was launched in 2015 to assist with scanning CVs and has in turn reduced turnaround time.

Learning and Development

CIB nurtures its employees' talent by investing heavily in training and development programs. This year, the department introduced new learning techniques, which included:

- Off-Site Events that targeted both senior and junior staff members. These events aim to increase employee loyalty and strengthen team spirit;
- Open Seminars worked on enhancing our staff's existing capabilities and expanding their knowledgebase;
- Team Building Activities were designed to boost energy and morale levels, and enhance the effectiveness of teamwork initiatives via interactive and challenging exercises;
- Simulation Programs aimed to introduce new learning approaches and experiences;
- Organization Development.

Organization Development

In line with HR's strategy to develop talent, the Organization Development (OD) department created the Talent Management team, tasking it with development and management programs that enhance and upscale employees' skills. The OD launched two Talent Management programs in 2015, the "Middle Management Career Counseling"and "Middle Management Development" programs, both of which target middle management and aim to accelerate employees' technical development by identifying career-growth opportunities.

In 2015, the "Voice of Employees" initiative continued and a number of focus groups were held throughout the year. The sessions were followed by comprehensive analysis reports, recommendations, and action plans to address identified challenges.

Compensation and Benefits

The department participated in a number of salary surveys to ensure that CIB's compensation strategy remains competitive for existing employees, and to allow the Bank to attract the highest caliber professionals in the market and warrant effective employee retention.

It all revolves around our clients...

Being the leading private sector bank in Egypt means that a great responsibility falls on our shoulders. Whether corporations or individuals, we are committed to catering to the vast and varying financial needs of our clients in consistently high quality. In doing so, and to maintain the trust of our clients and maximize their satisfaction, we build our products and services around their wants and needs with the deep level of expertise and knowledge we possess.

CIB prides itself on being the bank of choice for over 500 of Egypt's prime corporations and is determined to extend the same leadership to the retail and mid-cap segments.

As discussed earlier, our staff members are exceptionally experienced and have a profound understanding of the Egyptian market, which allows them to carry the Bank's mandate and vision of providing superb banking services to our clients.

Business Outlook 2016

CIB has well-positioned itself within the Egyptian banking sector and is geared towards expanding its operations in the retail market and lending to SMEs, and reaping the fruits of growth opportunities both sectors still have to offer.

In a step that signals the government's focus on the SMEs market and taking it to the next level, the CBE introduced a unified definition of the size of the companies that fall under this huge segment. Additionally, the CBE issued several circulars that aim at motivating banks to lend to these companies. The support to the SME sector, which is believed to be the future growth driver of the Egyptian economy, would result in more GDP diversification, and is aligned with the government's increased attention to the financial inclusion agenda.

Synergy Realization

Alongside its conventional banking services, CIB offers a full suite of investment banking services through its association with CI Capital Holding and its subsidiaries.

CI Capital generated consolidated revenues of EGP 330 million in 2015 and brokerage revenues stood at EGP 199 million. Brokerage was ranked first on the Egyptian Exchange after it grew its market share of foreign participation this year to record 50.2% and its local market share to stand at 20% of total trading in 2015.

On the awards front, CI Capital was recognized as the "Best Investment Bank in Egypt" by Global Finance in 2015 and 2014.

Sustainability in CIB

CIB has an unwavering confidence that sustainability is the key path to success. As such, we have been working towards striking a balance between our objective to increase our profitability and our duty toward preserving our environment. Our firm and forward-thinking belief in sustainability expands to all areas of our business through environmental sustainability, corporate social responsibility, community development, our Foundation, and our corporate governance model — each a success story in its own right.

Environmental Sustainability

As an institution, CIB has excelled in the area of environmental sustainability over the years. In late 2012, we became the first Egyptian bank to establish a department of Sustainable Development, which supports CIB's efforts in environmental preservation, and aims to implement the Bank's environmental sustainability strategy that's approved by the Sustainability Advisory Board.

Main pillars of Sustainable Development:

People as the Catalyst for Stimulating the Sustainability Culture

- The "Know Egypt" initiative aims to sponsor book publications that promote Egyptian culture, presenting to customers, shareholders, and investors. Among these publications were the "Old Cairo" and "Suez Canal" books;
- The e-library initiative aims at encouraging employees to read business articles and via mobile applications;
- Good and Healthy Business Environment;
- CIB is the first Egyptian bank to acquire the Egyptian Green Pyramids Rating System Certificate (GPRS). The GPRS is the Egyptian counterpart of the internationally recognized Leadership in Energy and Environmental Design (LEED) framework. This is a mark of distinction that signifies a building as being constructed and operated with a green mindset; in other words, the structure is resource efficient and environmentally friendly. CIB implemented the "green building" initiative on the bank branch in Road 90 New Cairo;
- The Bank replaced its regular lighting system with LED bulbs in order to save energy and installed water flow restrictors to limit water consumption.

Impact of CIB's Sustainability Initiatives on the Community

- The Bank promotes the sustainability initiatives it adopts through displayed messages in branches in order to help raise awareness among customers in particular and citizens in general with regards to the best utilization of our national resources
- The Bank's participation in the restoration of the Giza Zoo will have a significant impact on society at large and elevate the sense of social and environmental responsibility towards initiatives that help preserve our nation's heritage

Sustainability Ambassadors

CIB became the first Egyptian bank to create a community of Sustainability Ambassadors within its nationwide network in 2013. There are more than 70+ active volunteers from different locations and hiring categories that are helping anchor sustainability initiatives among their colleagues and across their businesses. The ambassadors meet regularly and introduce innovative and applicable initiatives.

Corporate Social Responsibility

CIB continues to achieve significant milestones in its Corporate Social Responsibility (CSR) efforts and 2015 was no exception. During the year, the CSR division implemented more initiatives that had a profound impact on the lives of people in our community. These efforts remain high on our list of priorities.

Community Development

CIB is well positioned to provide assistance to the community in which we live and operate in. 2015 saw relentless efforts made to enhance CSR activities. What encourages us the most, is seeing our efforts reflect positively on people's lives. We present hereunder some of the activities we conducted during the past year:

Beena Initiative: CIB and the Ministry of Social Solidarity signed the "Beena" protocol in June to encourage the active participation of youth in society and to support and monitor the development of social care services. Partnering in this initiative indicates the Bank's firm commitment to supporting community development. Beena is known for employing young volunteers to create an effective mechanism for developing and monitoring the quality of services provided to different social care centers, such as orphanages, elderly homes, and special-needs houses, a segment of society that is in dire need of adequate care and higher-quality services.

Autism: Children with autism and other disabilities have always been given the highest priority on CIB's CSR agenda. In 2015, CIB continued to sponsor the annual ceremony held by the ADVANCE Society for Persons with Autism and Other Disabilities, which showcased rhythmic musical compositions performed by students. The concert serves as a platform from which awareness can be raised about the creative and expressive skills of children with disabilities, supporting their integration into mainstream society.

Partnering with Omar Samra: CIB supported Egyptian entrepreneur Omar Samra in breaking the record to become the first Egyptian to win the "Explorer's Grand Slam" challenge, an accomplishment realized by only 40 people in history. In May, Samra raised the Egyptian flag and CIB's flag on the northernmost point on the surface of the Earth, in recognition of the Bank's supportive role. CIB's partnership with Samra, which began in late 2014, reflects the Bank's leading role in developing the outstanding talents of ambitious youth, believing that they are the core of the country's development and the driving force of Egypt's economy and prosperity. In that regard, and being one of the most influential people and role models for youth, CIB organized several seminars with Samra and CIB employees to hear about and draw inspiration from his unique experience.

Sponsoring the Egyptian Squash Federation: As sports symbolize an integral part of its responsibility and commitment toward Egyptian youth, CIB continues to sponsor the national squash federation. The Bank offers support and encouragement to young and talented athletes who represent the country in regional and international arenas. Last year, CIB was a key sponsor of the national junior team in the Women's World Junior Squash Championship, held in the Netherlands. The team won the title after beating the US national team in the final.

Kidzania: Through its sponsorship of Kidzania since 2013, CIB has continued to strengthen its brand loyalty and exposure, with the mini CIB branch in the premises and the branded materials distributed around the venue. In 2015, CIB organized several free trips for children with special needs to experience and enjoy Kidzania, under the supervision of the CIB Foundation.

Orchestra Alnour Wal Amal: CIB, being a devotee of different types of distinctive talents across Egypt, proudly sponsored the art show "Days and Nights of the Heart Tree." The performance, which was held at the Cairo Opera House, featured the Alnour Wal Amal Orchestra, a group of blind Egyptian women. This novel sponsorship aims to support gifted women who are challenged by their disabilities. These women have become a true inspiration to the entire Egyptian community and an exceptional icon in the international musical scene.

School Cultural Trips to Cairo Opera House: CIB organized a number of trips for public school students to the Cairo Opera House, in the context of its initiative to develop young students' aesthetic senses through fine arts and music. Students were introduced to the high arts of classical music by attending a performance of Vivaldi's renowned "Four Seasons," a set of four violin concertos that describe each of the seasons of the year.

Supporting Students of Fine Arts Faculties: The Bank continued to intensify its efforts to encourage Egypt's unique and talented youth who are in need of motivation and support. During 2015, the Bank expanded its reach to target university students in Minya, Luxor, and Alexandria. This year, CIB sponsored the annual art exhibit held for senior students and fresh graduates at South Valley University's Faculty of Fine Arts in Luxor. The Bank acquired the best art pieces in the collection, adding them to our private Art Collection in an attempt to incentivize the talented youth of Upper Egypt.

Art Salons: For the fifth consecutive year, CIB supported a new generation of young, aspiring artists through its sponsorship of the annual Egyptian Youth Salon. CIB collaborated with the Fine Arts division at the Egyptian Ministry of Culture to support trending artists under the age of 35.

In an effort to support artists from various age brackets and provide equal opportunities to all, the Bank chose to sponsor the Upper Egypt Salon, which was held in Luxor in April 2015, in collaboration with South Valley University's Faculty of Fine Arts.

This year's dynamic agenda of art-centric sponsorships and activities allowed CIB to acquire nearly 200 distinct pieces of art, enriching the Bank's Art Collection, while also providing incentive to and acknowledgement of genuine local talent.

La Biennale di Venezia: CIB supported and sponsored three Egyptian artists, Ahmed El-Shaer, Haitham Nawar, and Khaled Hafez, at last year's edition of La Biennale Venezia,

one of the world's most prestigious arts and culture institutes that also organizes an annual exhibition of the same name. Established in 1895, the Biennale now hosts more than 370,000 visitors at its art exhibition.
International Museum Day: CIB was the first Egyptian bank to ever sponsor International Museum Day in Egypt, underscoring the Bank's robust strategy and placing it at the head of all other organizations devoted to nurturing talented youth and promoting fine art activities. During the celebration – which was organized by the Egyptian National Committee of the International Council of Museums (ICOM Egypt), in association with the Ministry of Antiquities – the best projects and talents were honored under the auspices of CIB. Special awards were granted to young and distinguished teams in recognition of their outstanding contributions and efforts to the different disciplines related to the field of museums.

CIB Foundation

2015 was another strong year for the CIB Foundation. The organization reaffirmed its position as a leading supporter of quality health services for children by growing and expanding across the country and especially in Upper Egypt. In acknowledgment of the sustainable impact it instills in the community, the CIB Foundation was recognized for its work in the CSR field from Banker Africa, winning the award for "Most Socially Responsible Bank in North Africa" in September 2015. Moreover, the CIB Foundation was shortlisted for the African Banker's "Socially Responsible Bank of the Year" award.

Among the numerous projects that the CIB Foundation supports, cooperation with the Children's Cancer Hospital 57357 stands out. The CIB Foundation has provided the hospital with a first-of-its-kind intraoperative MRI machine in the Middle East. The machine cost EGP 11 million and is of paramount importance to both surgeons and patients as it will allow doctors to perform on-the-spot MRI procedures inside the operating room, thus identifying cancer cells accurately and swiftly and minimizing the number of invasive surgical procedures to which pediatric patients are subjected.

Throughout 2015 and in partnership with Gozour Foundation for Development, the CIB Foundation funded 42 eye exam caravans in public elementary schools in several governorates across Egypt, which included Qena, Sohag, Beni Suef, Minya, Aswan, Matrouh, and many others. Through the "6/6 Eye Exam Caravan" program, the Foundation provided 21,500 students with free eye exams and necessary care and consultation by the end of the project.

Moreover, the Foundation has supported three of the public university hospitals in Sohag, Aswan, and Mansoura, with projects totaling EGP 13 million. The Foundation has equipped three pediatric intensive care units at the Sohag University hospital, a notable activity throughout due to the fact that there were no previous existing ICU facilities within the governorate. Said facilities will accept patients from different age groups and will extend its services to neighboring towns and villages. A similar ward has been established in Aswan University hospital, along with a pediatric unit. Moreover, the Foundation has equipped Mansoura University hospital with Gastroenterology and Liver Unit.

The Foundation also supported the Department of Radiology at the National Cancer Institute with a pediatric Computed Tomographic (CT) scan machine, the first established unit to accept and treat children.

In addition, the Foundation has covered the costs of 50 pediatric open-heart surgeries at the Magdi Yacoub Heart Foundation Center.

The Foundation also continues to bear the maintenance costs of all the projects it carried out since its inception in order to ensure the continuity and sustainability of the desired health services quality.

Corporate Governance

Commitment to sound Corporate Governance practices continue to define our bank. Over the years, we have built on this commitment and continuously refined it to adopt both domestic and global best practices. CIB is a firm believer that our success as a bank is, to a great extent, attributed to our strict adherence to good governance, which empowers us to create long-term sustainable value for all our stakeholders. In doing so, several internal policies, risk controls, and manuals have been put in place to ensure that all business aspects are not only covered, but well-governed. This broad array includes risk management, compliance, audit, remuneration, evaluation, succession planning, code of conduct, and budgeting.

The Board carries on with its mandate to continuously improve the overall corporate governance framework by regularly reviewing and supervising the Bank's practices. CIB's board is comprised of eight members, seven of which are non-executives – of whom one represents the interest of Fairfax in the Bank – leaving only one executive on the Board. Each member of CIB's Board brings a wealth of expertise and knowledge, and collectively they possess a deep and far-reaching understanding of the industry, allowing them to decisively set the Bank's strategic objectives and draw the direction of achieving those goals.

The Board's specialized committees, both non-executive and executive, assist members with the responsibilities and tasks they have to tackle as a decision-making body. The Board's non-executive committees include the Audit Committee, the Corporate Governance and Compensation Committee, the Risk Committee, the Operations and IT Committee, and the Sustainability Advisory Board; while executive committees include the Management Committee, the High Lending and Investment Committee, and the Affiliate Committee.

The board met nine times during 2015. The following summarizes the Board's main responsibilities:

- Setting the Bank's overall strategy and overseeing its execution;
- Establishing internal control mechanisms, and meeting periodically with senior management and management and the Bank's internal audit to review and discuss the applied policies;
- Ongoing periodic assessment of the efficiency and effectiveness of Corporate Governance policies and practices;
- Setting the Bank's risk appetite and regularly monitoring performance indicators against approved, defined appetite;
- Approving the strategy of IT Group and review it periodically, especially with regards to the confidentiality of the Bank's information;
- Setting compensation and benefits strategies in accordance with the level of risk the Bank faces;
- Ensuring that shareholders' interests are being catered to;
- Ensuring that succession plans are being implemented and that a well-trained second generation is ready to take the lead when needed.

More to the point, the Bank always facilitates the CBE's regular audit taskforce's visits, making all necessary documents available to assist the auditing process. The structure of CIB's Internal Audit department allows the team to closely follow-up with Bank management to take any necessary corrective measures related to the CBE's auditing remarks.

Adhering to sound corporate governance principles, CIB's management continuously encourages employees to report any incidents that might harm the Bank's interests. In this regard, several confidential communication channels have been introduced. The Chief Compliance Officer (CCO) cooperates with respective supervisory departments in investigating reported cases and taking the necessary actions. Pertaining to staff issues, code of conduct, and petitions, the Staff Issues Committee, which is an unbiased body, is responsible for investigating, analyzing, and discussing with complainers and their respective managers. In 2015,

On the right and left: Signing of protocol between Chase Manhattan Bank and the National Bank of Egypt in Aswan, Upper Egypt, 1975

Committee members received 51 cases from staff across the different business areas. These included six misconduct cases and 45 incidents involving allegations of unfair treatment related to delays in promotions, challenges in managing staff performance (evaluation disagreements), working environments, misuse of authority, and contract renewal issues. The cases were investigated, analyzed, and discussed by the committee members with complainants and their respective managers. All cases have since been resolved.

Investor Relations

The primary task of the Investor Relations (IR) team is to communicate information about the Bank's activities, performance, and strategies with CIB stakeholders. The IR team adheres to the highest standards of governance and to all the disclosure requirements stipulated by the stock exchanges that trade in CIB stocks. The team helps both potential and existing investors understand CIB and its story by responding to all their queries in an accurate and timely manner. The team also assists analysts doing research on the Bank, to ensure their information is accurate and protect the bank from unbalanced or non-factual coverage.

Moreover, the IR department maintains an open communication channel between shareholders and management, relaying queries and remarks about areas of focus, concern, and interest from investors and analysts to our management team. This is conducted through an integrated Investor Relations program which comprises substantial one-on-one meetings, road shows, investor conferences, and IR-mediated conference calls.

The IR function has been in operation for more than 15 years, and its scope and responsibilities have both evolved over the years until it has become a full-fledged department. In recognition of its efforts, CIB's IR team has received numerous awards from the international community identifying it as one of the best IR teams in the region.

2015 IN REVIEW

2015 was no stranger to the challenges that carried through from the turbulent post-revolution years and the difficulties presented by global economic conditions. However, it served as yet another opportunity for CIB to demonstrate its ability to remain ahead of the game with an effective risk-management strategy and the management team's commitment to transparency.

The Bank's logo evolution over the years: On the left, Chase National Bank's logo from 1975-1987; on the right, CIB's logo from 2012 to date.

INSTITUTIONAL BANKING

Corporate Banking Group (CBG)

Recognized across the Egyptian market for its strong credit culture, the Corporate Banking Group is CIB's financing arm, providing world-class financial structures and superior advisory services to its clients. The Group caters to the financing needs of large companies and has broadened its scope to serve medium-sized companies as well, recognizing the importance of the latter's role in the economy.

The Corporate Banking Group's foremost goal is closely aligned to advancing the nation's economic development. It is committed to closely monitoring the performance of projects and economic entities that CIB finances to ensure their viability. The Group believes that economic viability on the micro level is certain to contribute to — and promote — macroeconomic welfare.

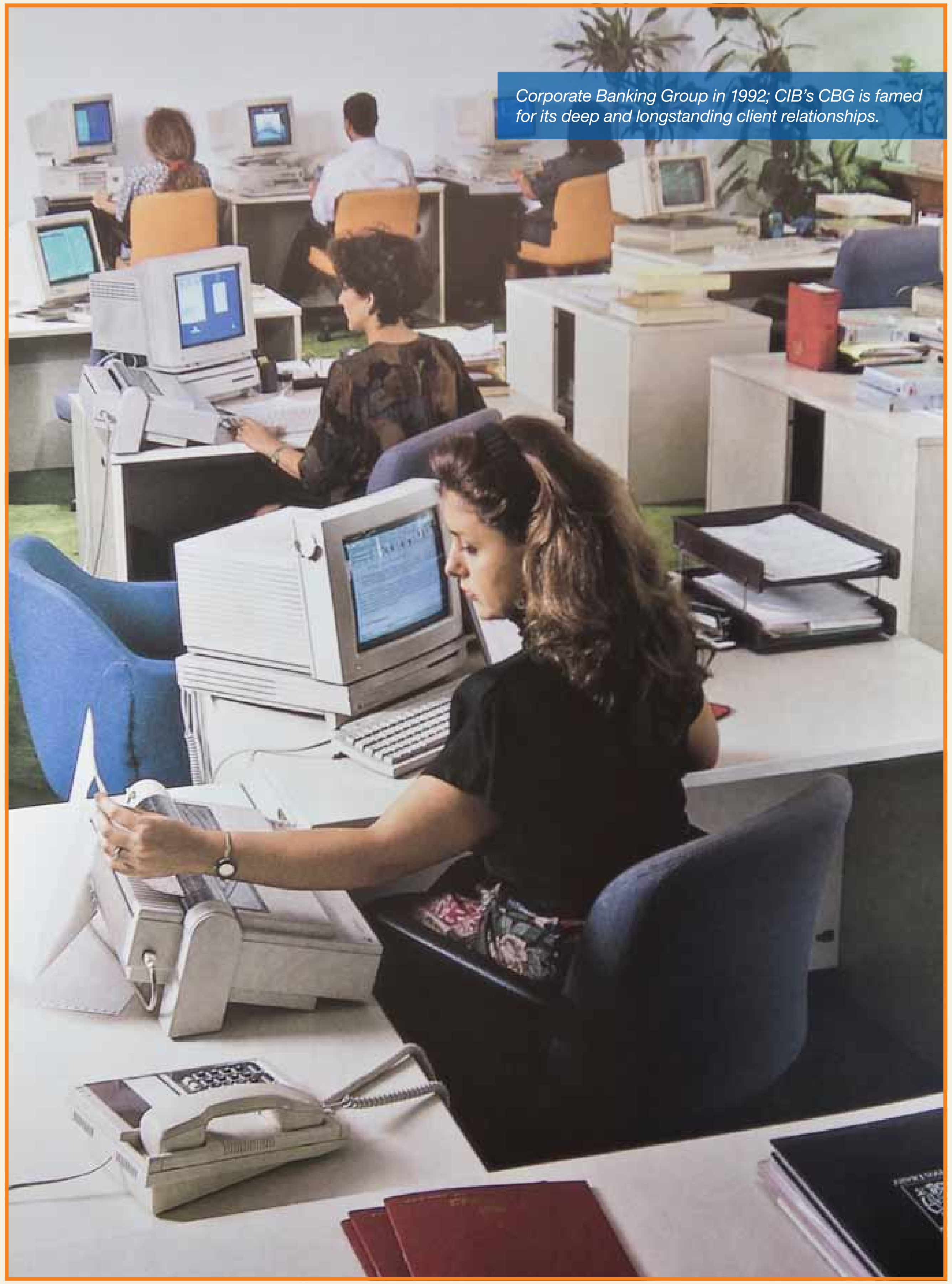
The Group's mission is to enhance its position as the top corporate bank in the Egyptian market while maximizing value for shareholders, employees, and the community at large.

Competitive Advantages

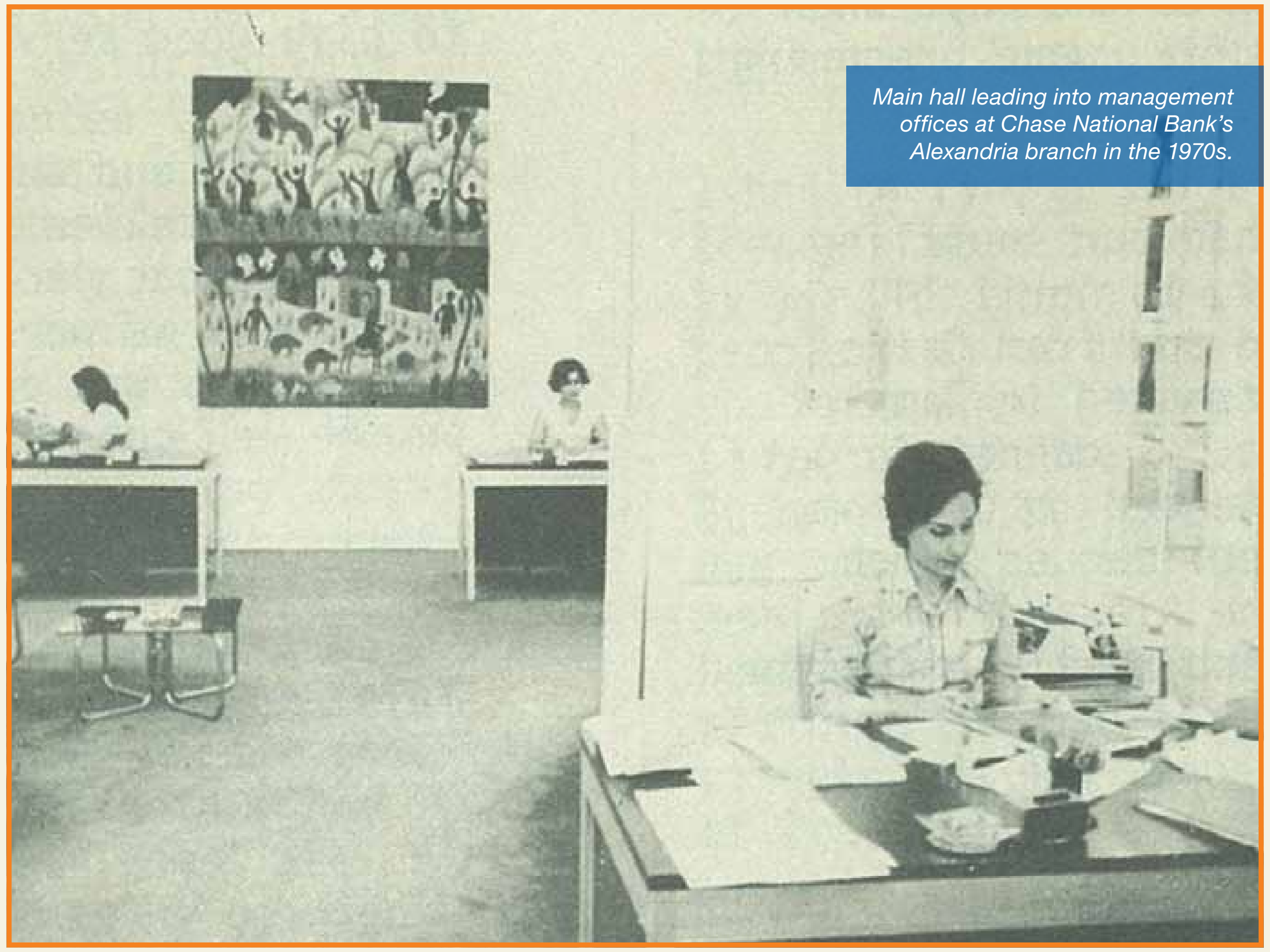
- A strong corporate business model
- Highly experienced staff supported by continuous training to keep up with the latest industry developments and technical know-how
- Strong customer base with a healthy and diversified portfolio that is well positioned in primary growth industries, including but not limited to: oil and gas, power, petrochemicals, infrastructure, construction, food, tourism, shipping, ports, and real estate
- Ability to provide a wide and innovative array of financial schemes

2015 Accomplishments

- The Corporate Banking Group remains a driving force of growth, and during the fiscal year 2015 the Group financed major strategic projects that had a positive economic impact and resulted in corporate loan portfolio growth exceeding 15% in 2015. These included the following:
  - Key projects in the field of construction of new port facilities
  - Structuring short-term facilities to concession holders to finance profit oil
  - Expanding our loan portfolio with successful multinational companies operating in Egypt
  - Financing major acquisition deals within the healthcare sector
  - Deals within the infrastructure and building materials sectors exceeding the EGP 1 billion mark
  - Participating in six syndications for EGP 23 billion to finance new energy generation capacities of 19,772 MW in Egypt
  - Financing the Suez Canal Authority's dredging of the new canal by participating in a syndicated USD 1 billion facility
- Enhanced CIB's share of wallet in the letters of credit and letters of guarantee with our profitable corporate clients to reach 17% and 20%, respectively;
- Issuing guarantees for multinational/local market leaders to support increasing power-generation capacities under the electricity emergency plan conducted by the Egyptian government for an amount of EUR 100 million and USD 70 million;
- Maintaining an 80% market share of shipping activities related to Suez Canal payments by facilitating financial solutions for the shipping sector, including shipping agencies, shipping service providers, container terminals, and ship owners;
- Improving utilization rates of working capital facilities beyond the 70% level;
- Accommodating 43% of the total letters of guarantee issued under the signed MoUs with the Egyptian government for the planned 2000 MW solar farms under the Feed-In Tariff Program;
- Further cross-selling of cash management and retail products — in collaboration with the Global Transaction Services (GTS) and Consumer Banking teams — to our eligible corporate customers to enhance CIB's fee income;
- Concluding the first mortgage-finance protocol with the Consumer Banking team;
- Rolling out the Hyperion Financial Modeling Solution;
- Developing the "Suppliers Finance Scheme," starting with customers in the food sector as a pilot phase.



Corporate Banking Group in 1992; CIB's CBG is famed for its deep and longstanding client relationships.



Main hall leading into management offices at Chase National Bank's Alexandria branch in the 1970s.

2016 Forward Strategy

The Corporate Banking Group aims to achieve the following in 2016:

- Continue to selectively expand our loan portfolio to achieve high-quality asset and revenue growth in addition to expanding our funding base;
- Place special emphasis on financing medium-sized companies and multinationals while simultaneously enhancing our existing clients' share of wallet;
- Increase customer loyalty and expand CIB's market share in all sectors through the cross selling of our GTS products;
- Continue the introduction of non-conventional financial solutions to our distinguished corporate clients such as the development of the invoice-discounting product;
- Further streamline the Business Enhancement Unit's operational processes to ensure the extension of higher-quality services and a quicker turnaround time to our corporate clients, thus enhancing our customer experience at CIB;
- Prepare for the implementation of phase I of the Electronic CAM Project;
- Introduction of the newly established product "E-Commerce" as a platform that enables online payments of utility bills for our prime clients;
- Further enhancing our Net Promoter Score (NPS) beyond the 40 level and the overall customer satisfaction rating above 7.9.

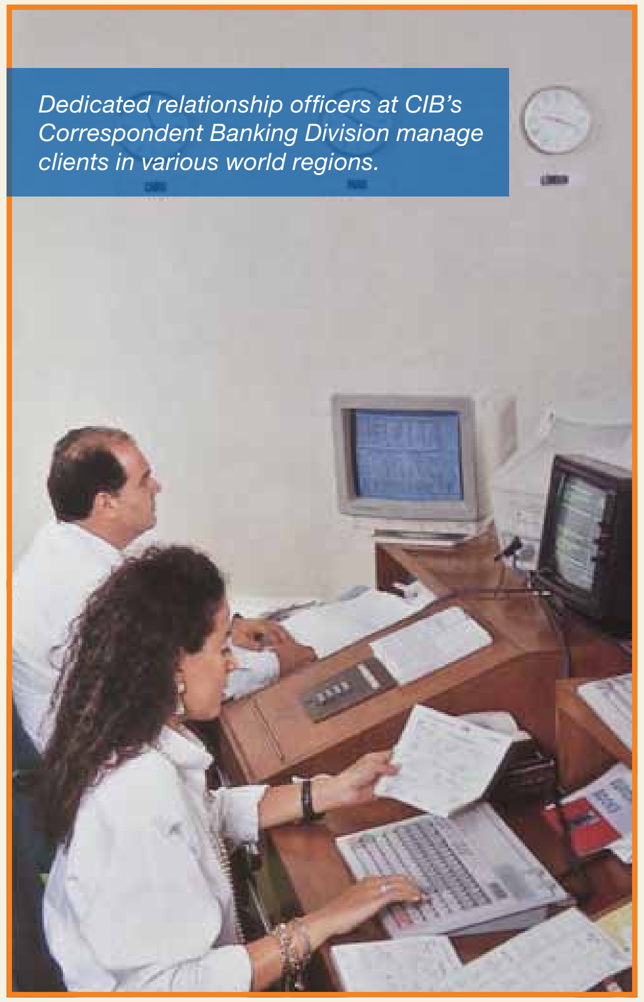
Financial Institutions Group (FIG)

FIG is part of the Institutional Banking area, covering global relationships with credit institutions and serving as the entry point and first contact for credit institutions with CIB. FIG manages CIB's business with local and foreign banking and non-banking financial institutions through three specialized divisions: 1) Correspondent Banking; 2) Non-Banking Financial Institutions; and 3) Finance Programs and Donor Funds.

Correspondent Banking Division (CBD)

CBD lies at the core of FIG, acting as the focal point of contact for local and international banks working with CIB. CBD accounts for almost 91% of FIG business, most of which is in the form of contingent trade finance exposure. The division is highly active in supporting and coordinating the relationship with various correspondent banks and provides an array of products and services including trade finance, direct lending, international payments, and tailored/structured solutions. A number of factors underpin the division's core competencies:

- Experienced regional relationship officers
- Specialized product managers
- A diverse network of almost 200 global correspondent banks
- Strong ties with multilateral financial institutions
- Access to prime corporate and business banking clients
- Proven track-record in delivering tailored credit and trade finance services



Dedicated relationship officers at CIB's Correspondent Banking Division manage clients in various world regions.

Geographical coverage

The division manages its correspondent credit relationships through dedicated and experienced relationship officers who are structured regionally as follows:

- Americas & Europe team
- Asia Pacific team
- MENA, Africa, and Russia team

Product Management

Complementing the activities of the division is a Trade and Cash Products team specialized in structuring products and services that meet the unique needs of banks and clients as mentioned hereunder:

- Without recourse financing or discounting of trade instruments (forfeiting)
- Letters of credit refinancing
- Risk participations
- Bilateral loans and funding arrangements
- Nostro and Vostro accounts management
- Commercial and interbank payments and cash letter collection services

> *CBD accounts for almost 91% of FIG business, most of which is in the form of contingent trade finance exposure.*

2015 Achievements

- Grew outstanding contingent trade finance portfolio by 14%, mainly on the back of successfully attracting letters of guarantee for mega and infrastructure projects in Egypt;
- Expanded CIB's correspondent banking relationships in Asia and Africa;
- Approached Eastern Europe as a new market and established relationships in Poland and the Czech Republic;
- Signed trade-facilitation agreements with multilateral financial institutions to support Egyptian trade transactions and to expand our coverage of Africa to better cater to the trade finance needs of Egyptian exporters;
- Signed a unique MoU with one of our key correspondent relationship banks in China, outlining strategic cooperation under the "One Belt One Road" (OBOR). OBOR is a development strategy and framework proposed by China that focuses on connectivity and cooperation among countries primarily in Eurasia, which consists of two main components: the land-based "Silk Road Economic Belt" and the oceangoing "Maritime Silk Road". CIB is one of only three banks selected as a key partner representing North Africa. This initiative is expected to reflect positively on Trade Finance and Debt-Capital Market businesses;
- Innovated a new trade-related funding structure granting CIB access to flexible short-term foreign currency sources.

2016 Strategy

- Position CIB as the bank of choice for correspondent banks in handling trade finance business in Egypt;

- Capitalize on our service quality and efficient processing to further develop trade finance business (contingent and direct);
- Further diversify correspondent network geographically by focusing on relationships with Asia;
- Continue to apply a "relationship management model" to capture more value from our client and correspondent relationships over time;
- Innovate revenue-generating trade and cash products;
- Maintain our focus on supporting the Egyptian economy.

Non-Banking Financial Institutions Division (NBFI)

NBFI is a credit-lending division under the Financial Institutions Group. It provides credit facilities and liability products and services to all types of non-banking financial institutions. Targeted clients include companies engaged in leasing, insurance, securities brokerage, auto finance, factoring, and credit insurance, along with investment firms and non-governmental organizations (NGOs).

2015 Achievements

- Grew total portfolio by c. 20%
- Attracted new-to-bank accounts and grew credit facilities extended to existing clients
- Participated in landmark syndication and securitization transactions
- Grew LC contingent business by c. 5 times to accommodate leasing importation businesses
- Established new limits for existing companies and identified new NGO accounts to accommodate microfinance business
- Continued to maintain moderate levels of portfolio risk and managed an effective collection of loan portfolio payments

2016 Strategy

- Grow loan portfolio and increase the share of wallet for existing prime credit customers in leasing and car finance industries
- Approach new clients in mortgage finance, leasing, and microfinance
- Focus on bond investments related to securitization transactions
- Develop contingent business and liabilities products suitable for selective NBFI clients
- Grow loan and investment portfolio with quality players in the leasing, mortgage, and brokerage (clearing and settlements accounts) sectors in terms of volume and number of accounts
- Aggressive marketing and cross-selling of CIB liability products

Finance Programs and International Donor Funds (FP&IDF)

FP&IDF is uniquely specialized in managing sustainable development funds and credit lines provided by governmental entities and international agencies that positively affect our community and environment. In collaboration with the Ministry of Agriculture and Land Reclamation, FP&IDF has encouraged private sector involvement in the agribusiness, while the division is also engaged in various environmental and pollution-abatement projects that aim to assist companies in making their operations eco-friendlier. FP&IDF also manages CIB's direct microfinance portfolio through a microfinance services company and has recently extended its focus to include wholesale microfinance.

The division's main functions include:

Agency Function

CIB acts as APEX (Agent Bank) for several funds, grants, and credit lines, providing an array of tailored operational services including structuring and providing pre-loan assessment and post-loan monitoring.

Participating Function

CIB acts as a participating bank in several developmental programs that finance agricultural and environmental projects with concessional terms.

Microfinance

The division supports direct microfinance through a microfinance service company that interacts directly with end-users. FP&IDF expanded the focus to include microfinance wholesale lending in cooperation with banks and NGOs.

Technical Assistance and Consulting Services

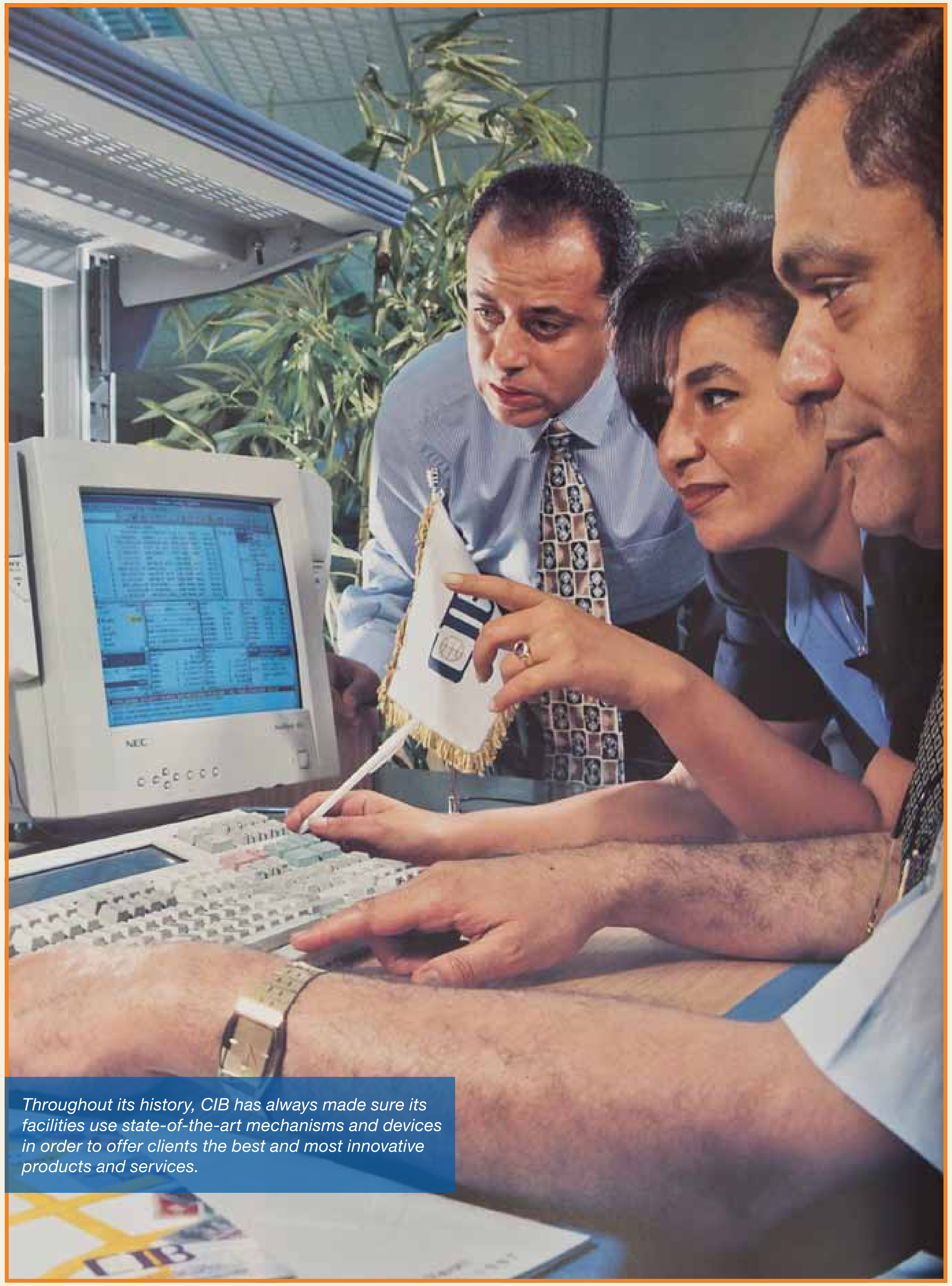
FP&IDF offers an array of integrated and competitive consultancy services targeting development programs.

2015 Achievements

- FP&IDF maintained CIB's position as the leading agent bank in the market
- Grew agency deposit portfolio to c. EGP 1 billion
- Successfully renewed the agency of one of the biggest agricultural programs under management for five years
- Tripled the KFW program's grant utilization to finance natural gas and waste water treatment projects
- Grew the microfinance and wholesale microfinance loans portfolio under a Social Fund for Development (SFD) contract
- Expanded and further diversified CIB funding for various programs and economic sectors as exemplified by agreements concluded with PROPARCO, the Agence Française de Development's (AFD) private-sector funding arm, to finance energy efficiency projects
- Conducted successful cross-selling of CIB's various retail products, including credit cards, consumer loans, and other consumer and corporate bank products

2016 Strategy

- Sustain CIB leadership in agency and participating bank functions by growing the portfolio of funds under management



Throughout its history, CIB has always made sure its facilities use state-of-the-art mechanisms and devices in order to offer clients the best and most innovative products and services.

- Grow the agency portfolio's deposit base
- Grow development funds entrusted to and managed by CIB
- Strengthen ties and relationships with SFD and other government entities
- Attract donor funds and programs related to renewable energy
- Grow microfinance portfolio
- Further enhance CIB capacity for microfinance lending by entering into new agreements with guaranteed institutions

Debt Capital Markets Division (DCM)

The Debt Capital Markets (DCM) division has an unparalleled track record, with experience in underwriting, structuring, and arranging large-scale project finance facilities, syndicated loans, bond issues, and securitization transactions, all of which are supported by a dedicated agency desk. The division achieves its objectives by leveraging CIB's substantive underwriting capabilities and established relationships with international financial institutions and export credit agencies, as well as its placement capabilities in the local market with banks, insurance companies, the money market, and fixed income funds. Furthermore, the division provides large-scale borrowers with better market access and greater ease and speed of execution.

2015 Achievements

- Both the Egyptian government's spending stimulus and its focus on infrastructure development have been important drivers of growth for DCM's fee income and deal size during 2015. The division's closed deal size stood at EGP 35.9 billion in 2015, up from EGP 31 billion in 2014, growing by 16% over 2014. DCM has capitalized on opportunities in infrastructure (PPP) finance, refinery overhauling, logistics, petrochemicals, transportation, and utilities, successfully being awarded mandates for deals worth EGP 18 billion during 2015, with closing expected in 2015/16. DCM has played key roles as Initial Mandated Lead Arranger (IMLA), Agent, Security Agent, and Book-runner in all mandated transactions;
- The DCM division aggressively pitched for deals in the market, accumulating a substantial deal pipeline whose aggregate worth totals EGP 45 billion;
- DCM continued being a capital market leader by playing a unique role in the local market through the structuring and placement of complex securitization structures. In 2015, the division structured the first real estate developer bond issuance in the local market, tapping into new sectors. The DCM division was also mandated to structure and place four local securitization deals with an aggregate issue size of EGP 2 billion, of which one is being issued by the first microfinance originator in Egypt;
- CIB was recognized yet again for its debt-arrangement roles, winning two notable awards for the pre-export finance structured deal PEL VI where CIB acted as Mandated Lead Arranger: "Best Energy Deal Trade and Export Finance Media TXF" and Trade Finance Deal of the Year "African Bank Award Committee of IC Publication."

2016 Strategy

As an ongoing strategy, Debt Capital Markets aims to:

- Continue playing a vital role in economic development by mobilizing funds for large ticket project finance deals and syndication transactions;
- Position itself to raise the required debt to fund Egypt's substantial infrastructure and power investments (with a special focus on renewable and green energy), whether implemented by public sector companies or via IPP or PPP programs;
- Introduce new financial tools to lead the development of capital markets in Egypt;
- Continue to support clients' needs for diversified funding sources through innovation in asset-backed securities.

Global Transaction Services Group (GTS)

CIB's GTS Group is a leading provider of cash management, trade finance, and securities services, catering to a broad range of corporate clients in Egypt. With a comprehensive suite of services, GTS serves clients with both limited and unique working capital needs and provides integrated reporting and management of their cash, trade, and custody businesses.

Our digital strategy maps out the framework to leverage new technologies that focus on significantly enhancing customer satisfaction and building customer loyalty, in addition to deepening their share of wallet. This strategy will continue to grow and evolve in tandem with global trends and based on the needs and aspirations of our clients.

With internet usage on the rise, alternatives to traditional branch banking have attracted increasing attention.

Banks started to use the Internet not only as an innovative payment method and to increase customer convenience but also as a way to reduce costs and enhance profits. Fierce competition between banks, both in retail and wholesale, has forced banks to find new and profitable areas in which to expand.

GTS 2015-19 strategy

- In alignment with the 2015-19 GTS strategy, two major initiatives were successfully executed in 2015, which will pave the way for the adoption of a more relationship-focused culture across different lines of business.

1. Product Bundling and Relationship Pricing:
   Clients keep and expand banking relationships based on the services they want and the best price available to them, so relationship pricing and product bundling has become even more important. At GTS, we think beyond the "one-size-fits-all" strategy when catering to corporate and business banking customers' increasing demand.
   Working closely with the Corporate team, we created 48 sub-industry bundles of GTS solutions to match each industry's specific needs, complemented by preferential pricing to promote online migration.

2. Preferential pricing:
   Preferential pricing is offered to clients who opt for GTS product bundles, and for select cash and trade management transactions, in order to encourage migration of banking transactions from branches to online channels.

> *Our digital strategy maps out the framework to leverage new technologies that focus on significantly enhancing customer satisfaction and building customer loyalty, in addition to deepening their share of wallet.*

- Acquiring state-of-the-art portals and backend systems
  - Technology sophistication is a key criterion in assessing the quality of banking relationships among corporate clients of all sizes. Therefore, we continue to invest in upgrading and expanding our portals and backend system. The upgrades serve planned expansions into new product suites and innovative transactional banking services.
  - In 2015, we signed a major deal with one of the top players in the banking software industry to upgrade our Trade Finance backend platform, which merged our Cash and Trade Finance management portals into a single sign-on portal. This supports the launch of Supply Chain Finance product range planned for 2016-17, which offers a new trade concept for the Business Banking/SME sector. The upgrade will also enhance customer experience through improved system performance and upgraded functionalities.

Key 2015 accomplishments across GTS product lines

As Egypt's leading commercial bank, our digitization efforts are clearly reflected in our GTS accomplishments for 2015 across various product segments.

Cash Management Services

CIB provides both standardized and tailored cash management products and solutions that improve the management of incoming and outgoing payments, as well as streamlining reconciliation and information management, and enhancing working capital efficiency. The offering includes a number of innovative payments and payable products, collection and receivables products, and standard and tailored information reporting delivered through a variety of channels.

2015 Accomplishments

- Signing an agreement with Standard Chartered Bank that effectively made CIB the correspondent bank in Egypt, executing any and all customer transactions inside the country;
- Enhancing core systems to provide customers with more transparency in transactions details;
- Enhancing the SWIFT services provided to corporate clients in accordance to new standards;
- Achieving first place in domestic payments in both ACH direct credit and direct debit, compared to third place last year;
- Launching the Shipping Operations Hub for online transactions in order to automate the payment workflow of the Suez Canal Authority's transactions. The new Hub positively impacts clients with the following benefits:
  - Customer satisfaction, as clients are able to process their online payments on weekends
  - Improved turnaround time for transactions
  - Penetration rate in the shipping sector increasing by 20%
  - A 20% increase in the shipping clients' online transactions
  - Increasing the number of clients served through the Port Said Shipping Hub;
- Automating around 140,000 transactions for government pensions, executed through the Automated Clearinghouse (ACH), off-loading the manual intervention from branches.

Global Securities Services (GSS)

Despite the stock markets' volatile performance in 2015, we successfully maintained our leadership position in the market in terms of market share, value of assets under custody, and the sub-custody of the GDR program and securitization trustee services.

Moreover, with the implementation of a new custody system and the minimization of manual work, which has in turn reduced both risk and turnaround time, we can now offer custody services to our most sophisticated clients and comply with all their requirements, such as STP and swift reporting, with minimal manual interaction.

2015 Accomplishments

- Launching the new custody system, which has automated 70-80% of custody operations, reduced transaction processing turnaround time by almost 20%, and enhanced both business and customer reporting;
- Maximizing revenues as custody revenues increased by 33% YTD in Q3 2015 compared to same period in 2014;

- The GDR desk – recently established to provide conversion services to clients –executed more than 30% of the volume of conversion transactions in 2015;
- Maintaining our leading position in the capital market as the sole provider of securitization trustee services by obtaining three new portfolios with a combined value of EGP 1.2 billion. Out of 11 securitization transaction in the market, 10 of 11 securitization transactions in the market were under CIB's custody;
- Maintaining our leading position as the sole local sub-custodian for the GDR program for the depository bank "BNY Mellon." CIB was appointed the sub-custodian for GDRs of the newly listed packaged and snack food manufacturer "EDITA," bringing the total GDR listings under CIB's custody to 14 out of a total of 15 Egyptian companies to have issued GDRs this year.

Trade Services

CIB Trade Services offer both the tools and expertise that allow our diverse base of clients to realize their business goals. CIB's trade solutions (CIB Trade Online and Bolero system) are designed to enable clients to effectively manage risk and optimize cash flows.

In pursuit of higher customer-satisfaction levels, CIB achieved a 52% YoY increase in the number of transactions performed via trade online, bringing the percentage of transactions performed via 53 trade hubs and the online channel to 100% of total Bank transactions.

Process optimization, which is ongoing, remains a major goal, and in 2015 CIB performed a series of significant adjustments to the Export ODC execution process, decreasing turnaround time to only a few hours. CIB also implemented a speed cycle for ODCs, and now updates clients with notification emails that include a courier tracking number, which has significantly improved customer experience as it provides clients with a transparent outlook onto every stage of ODC processing.

Corporate Payment Service (CPS)

CPS is a dedicated service that enables CIB clients to pay their taxes and custom fees online. This segment grew from 10 clients in Q1 2015 to 147 clients as of Q3 2015 and holds a 33.4 % market share, allowing CIB to achieve a number-one market rating.

Forward Strategy

Digitization beyond branch network

Digitization efforts across Institutional Banking support is one of our major areas of focus in 2016-17, as enhancing the efficiency of supporting functions will not only result in improved customer experiences, but will also achieve major cost savings.

Launching an IVR service to complement our on-line banking service to corporate clients will transform the way we handle customer enquiries and will provide us with insightful reports on how our clients run their day-to-day activities, which will allow us to create additional products and services tailored specifically to their needs.

Migrating clients to online banking channels strategy

A "strong arm" tactic will be used to drive high levels of migration to lower cost self-service channels, which entails restricting certain services to specific channels only, such as limiting reports to online channels only as one example. The preferential pricing policy and the tie-up between concessions granted and transactions over the online channels launched during 2015 will contribute to the success of our strategy to redirect our clients towards online channels.

GTS Awards

- Best Trade Finance Provider in Egypt – Global Finance
- Best Corporate/Institutional Internet Bank – Global Finance
- Best Sub Custodian Bank 2015 – Finance Bank in Egypt Awards
- Trade Finance Deal of the Year – Finance Bank in Egypt Awards
- Best Information Security Initiatives – Global Finance

Asset & Liability Management (ALM)

A key part of the Treasury Group, the Asset and Liability Management Department is responsible for managing the Bank's liquidity and interest-rate risk within external and internal parameters, while complying with the Central Bank of Egypt's (CBE) regulatory ratios and guidelines. The department is also responsible for managing the Bank's Nostro accounts, overseeing its proprietary book, and setting loan and deposit prices. ALM's main objectives are liquidity management, maximizing profitability, and product development.

2015 Performance

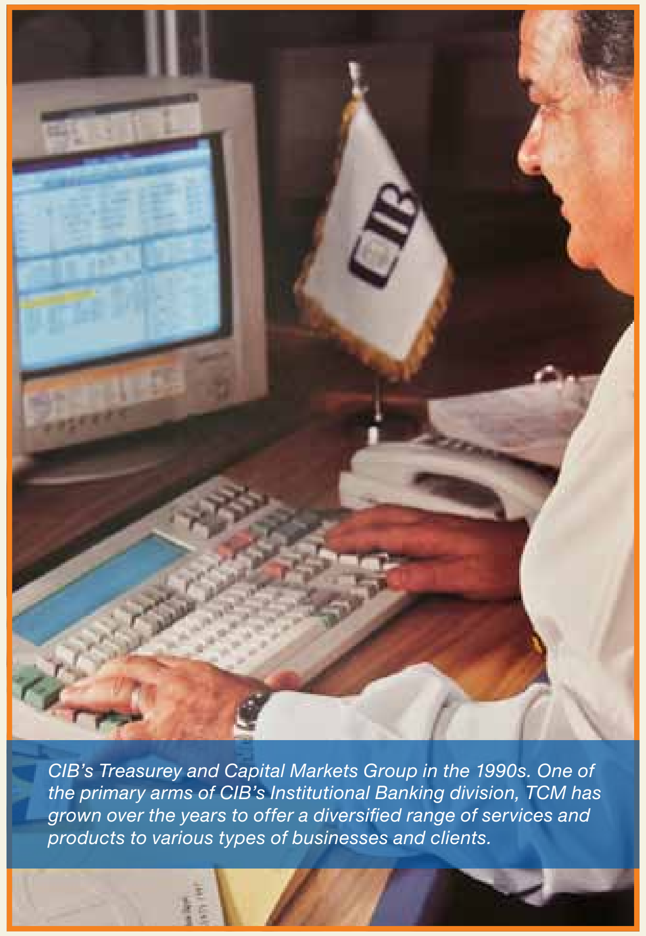
In 2015, ALM successfully managed the Bank's unutilized liquidity, and contributed to increasing CIB's LCY Net Interest Margin (NIM) in the first nine months of 2015 compared to the same period a year prior, while preserving the FCY NIM at the same level, despite CIB's USD and EUR TD rates having increased since February and March 2015, respectively. ALM continues to meet all regulatory ratios, as well as all internal and external controls.

2016 Strategy

The ALM Department is anticipating growth in private sector business, driven by a gradual pickup in several sectors and a boost in investor confidence. As such, ALM will continue supporting the Bank's ability to comfortably cater to client needs while maximizing shareholder value.

Treasury & Capital Markets (TCM)

CIB's Treasury & Capital Markets Group (TCM) is the Bank's primary pricing arm for all its foreign exchange (FX) and interest rate products. The TCM is a primary profit center for CIB, offering a wide range of products to various types of businesses which we have diversified across regions, capabilities, and distribution channels.



CIB's Treasury and Capital Markets Group in the 1990s. One of the primary arms of CIB's Institutional Banking division, TCM has grown over the years to offer a diversified range of services and products to various types of businesses and clients.

Among its responsibilities are FX, Money Market and Fixed Income trading activities, primary and secondary government debt trading, management of interest rate gaps with its respective hedging, pricing of local and foreign currency deposits, and pricing of preferential deposits. Foreign exchange products are used by our customers for hedging purposes. Also, our products are used through third counterparty trading, where CIB allows its clients to purchase almost any non-tradable currency that they require, including, for example, the Brazilian riyal, Singaporean dollar, Thai baht, Chinese yuan, Korean won, and South African rand. The currency is simultaneously transferred to its country of origin to make payments abroad.

Other hedging products offered are direct forwards and simple/plain vanilla options, in addition to a wide array of option structures such as premium embedded options, participating forwards, zero-cost cylinders, boosted call/put spread, boosted kick in options, structured EUR/EGP, Target Redemption (TARF) structures, cash export and import, Interest Rate Swaps (IRS), and interest rate caps/floors. The Fixed Income and Money Markets Desk (Primary Dealers team) provide clients with transparent advice on their investments in tying Time Deposits, Sovereign Fixed Income Bonds, local Treasury Bills, and Government Bonds — on both primary and secondary markets — with very competitive prices on secondary market offers. The team has been one of the most influential players in the local debt market.

2015 Accomplishments and Achievements:

With the start of 2015, TCM management focused on specialization development, and high customer focus within the department, which was established via the restructuring of FX desks into the distinct customer segments present within the bank such as the Corporate Banking Group, Global Customer Relations (GCR), Business Banking, Strategic Relation Group, and so forth. Each trader is responsible for following up on and executing deals with their respective assigned officer and/or clients, leading to an elevated performance. This further facilitated the operational aspect of the department by furnishing readymade offers for the available FX structured products to send to clients.

These tasks/functions include:

- Closing and negotiating FX deals with clients
- Generating volume and profitability reports from the treasury system for desk function and clients
- Executing foreign and local inter-bank transactions
- Attending client meetings
- Preparing foreign exchange market reports
- Executing branch and relation officers' FX deals
- Preparing customer offers and meeting packages
- Preparing customer and relationship officer presentations, customer follow-up, and on-call market updates
- Fundamental and technical analysis
- Receiving deposits, treasury bills, and IRS (interest rate swaps) pricing requests to enhance flow into fixed income, money market, and asset and liability departments
- Pricing FX derivatives based on customer FX and Corporate Sales Desk payment cash flows

Throughout 2015, CIB's TCM Group maintained its leading global presence in the FX market, winning for the first time the Innovators in Foreign Exchange Award from Global Finance, as well as Best Foreign Exchange Providers in Egypt from Global Finance, and Best Foreign Exchange Services in North Africa from EMEA Finance. On the fixed income side, the desk was also ranked according to the Ministry of Finance's monthly index as one of the top-performing banks on the primary market for treasury bills and government bonds, as well as on the secondary market for government bonds.

Ongoing Forward-Looking Strategy

Capturing the highest market share in both foreign currency purchases vs. the EGP and fixed income securities trading.

Direct Investment Group (DIG)

The Direct Investment Group (DIG) is CIB's investment arm, introducing equity finance as an additional service to existing and potential clients. DIG's main focus is to identify, evaluate, acquire, monitor, administer, and exit minority equity investments in privately-owned companies that possess commercial value for CIB.

Invested funds are sourced from CIB's own balance sheet, whereby the investment process is governed by a clear and strict set of parameters and guidelines.

Our primary objectives encompass generating attractive, risk-adjusted financial returns for our institution through dividend income and capital appreciation, as well as enabling CIB to offer a broad spectrum of funding alternatives to support clients' growth.

We commit to excellence by adopting industry best practices, creating a "win-win" situation for all stakeholders. This commitment is supported by our unique value proposition and team of specialized experts.

Highlights and Accomplishments

Exits

DIG successfully executed the sale of CIB's stake in one of Egypt's leading confectionary companies, yielding a remarkable cash-on-cash multiple and also generated a lucrative IRR for CIB.

DIG successfully signed the agreements pertaining to the sale of CIB's standing 45% stake in Commercial International Life (CIL) to AXA, one of the leading global insurance players with a strong presence in 59 countries. The transaction is regarded as a flagship deal in the Egyptian insurance industry and has yielded significant returns for CIB. In parallel, CIB entered into a bank assurance partnership with AXA, whereby AXA will benefit from a 10-year exclusive distribution agreement with CIB in Egypt. The said alliance further cements CIB's commitment to its clients to continue offering them excellent value-for-money insurance products.

DIG is also in the advanced stage of negotiations to offload CIB's equity stakes in two other affiliated companies.

New Bookings

CIB successfully added two new investments in the tourism sector to its direct investment portfolio. The new investments were made with a defined IRR and a targeted holding period of five years with a secured exit plan.

Portfolio Management

In terms of portfolio management, DIG maintained its role in supporting portfolio companies in light of the existing market challenges. Active participation in portfolio companies' board of directors' along with maintaining an open dialog with co-investors are the main pillars of DIG's success in managing and improving the performance of its investments.

The Pipeline

In line with the current portfolio build-up strategy, DIG has further expanded its marketing activities by creating a dedicated marketing and deal sourcing team. As a result, its deal pipeline has witnessed tremendous enhancement in terms of both quantity and quality. Accordingly, DIG has assessed the viability of multiple investment opportunities in a wide range of sectors, including education, renewable energy, healthcare, and food.

> *Over the years, SRG's mandate expanded to include International Regulatory Agencies, the likes of IATA and ICAO, which provided reason to cater to the airline industry.*

Strategy Going Forward

DIG is embarking on a portfolio expansion strategy aimed at doubling Assets Under Management (AUM) by 2020. Accordingly, DIG will focus its efforts on selectively adding lucrative investments with strong fundamentals, growth potential, and a high value proposition for CIB.

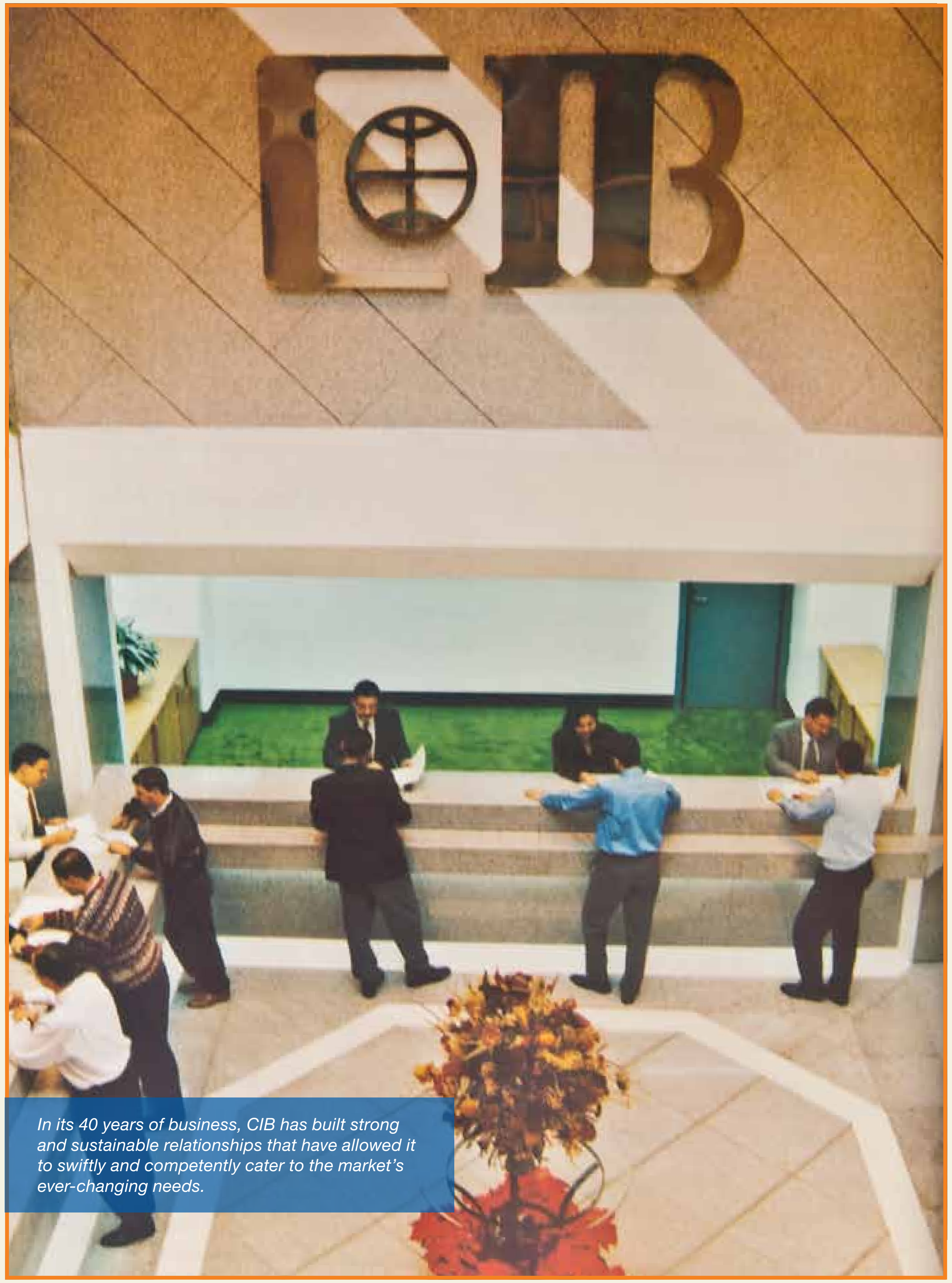
Strategic Relations Group (SRG)

The Strategic Relations Group (SRG), as a function, was created with the sole purpose of focusing on and catering to the unique needs of the Bank's top non-commercial organizations of sovereign origins and affiliations. CIB, realizing the strategic importance of attracting such entities, embarked on building a team whose mandate is to bridge the gap between mainstream commercial banking and the fulfilment of these clients' operational requirements. This unique function has, in essence, allowed CIB to contribute to Egypt's development by off-loading these agencies' administrative duties, allowing them to focus on their primary activities.

Meanwhile, CIB stood to gain from the deposit-gathering nature of its portfolio of strategic customers. SRG now boasts a portfolio of almost 70 strategic customers, whose deposits contribute considerably to CIB's stable and clean funding base. SRG works together with these clients to design special tailor-made products and services that are unique to each entity, to better meet their particular business needs.

SRG's portfolio would typically fall into the category of Global Donor, Aid and Development Agencies alongside their underlying Sovereign Diplomatic Missions. Over the years, SRG's mandate expanded to include International Regulatory Agencies, the likes of IATA and ICAO, which provided reason to cater to the airline industry. In more recent years, SRG has sought to service tier-one educational constituencies, aiming to play a role in the moulding of the financial culture and creating brand loyalty of future leaders, by providing a unique customer experience for both parents and students.

The Group's core responsibility is directed toward building on its existing relationships and maintaining customer loyalty by fostering trust-worthy partnerships.



In its 40 years of business, CIB has built strong and sustainable relationships that have allowed it to swiftly and competently cater to the market's ever-changing needs.

GLOBAL CUSTOMER RELATIONS

Over the past few decades, cross-border business has experienced unparalleled growth, thanks to advancements in the fields of communication and information technology, the privatization and deregulation taking place in emerging economies, and the appearance of the global consumer. As the era of globalization continues to manifest itself through the emergence of global companies, Global Customer Relationship Management has become of increasing significance.

In December 2009, and stemming from that rising importance, CIB established the Global Customer Relations Department (GCR), with a team of credit certified calibers with strong interpersonal and marketing skills.

The GCR model has proved to be an effective method of expediting business outcomes through superior customer support and service. Although relatively new to Egypt, the model has been successfully adopted globally in the past 25 years.

The GCR's vision is for CIB to become a one-stop-shop financial solutions provider rather than a product provider. With this vision in mind, our mission in the GCR is to maximize customer satisfaction and revenue generation, through maximizing customer value across the global customer portfolio within the Bank.

2015 Major Achievements:

- ***Emaar Misr IPO***

  The GCR team successfully closed the initial public offering (IPO) deal with Emaar Misr, acting as the exclusive receiving Bank. The deal entailed the launch of an additional 600 million shares in the form of a capital increase. The total subscribed amount credited to Emaar's account at CIB stood at EGP 4.6 billion, which included EGP 35.9 million in over-subscription multiples for its public offering, representing 85% of the placement, while final allocation recorded 2.78%. CIB succeeded in acting as Emaar's sole custodian bank for the money market securities.
- ***Vodafone Cash***

  Signed letter of intent with Vodafone for a Mobile-Wallet partnership called "Vodafone Cash." That comes as part of CIB's efforts to offer products that encourage financial inclusion, positioning the Bank as a true digital front runner in an cash-intensive economy.
- ***Misr Cement Qena Transaction***

  CI Capital signed a contract with Misr Cement Qena to act as financial advisor in raising debt of EGP 915 million, within an upside option, to EGP 2.1 billion for the acquisition finance/refinance of debt for ASEC Minya Cement Company and ASEC Ready Mix. CIB finalized a syndicated loan for the acquisition transaction with two leading banks in the Egyptian market.
- ***Portfolio***
  - Increase in loans portfolio by 24% to record EGP 24.7 billion at the end of 2015, up from EGP 19.9 billion in 2014
  - Increase in deposits portfolio by 19% to reach EGP 12.5 billion in 2015, up from EGP 10.4 billion in 2014

Forward-looking Strategy for 2016:

- Maximize CIB's profitability through three major channels:
  - Exploring new business opportunities via market screening for newly found customers
  - Growing the retail banking business, by marketing retail products and services to new and existing clients.
  - Increasing Share of Wallet (SoW) with new selected accounts according to GCR-approved criteria
- Strategic collaboration with the CI family, with a specific focus on CI Capital, and also with the GTS team, to offer well-rounded solutions and services to clients
- Focus on FDIs, especially from the Gulf region
- Exert more effort in the recovery of problematic/underperforming accounts in order to safeguard the quality of CIB's asset portfolio
- Award focus to mega projects, especially in the sectors of energy (conventional/renewable), EEA, transportation, logistics, and ports, in line with the government's announced directives and expansion policies

Chase National Bank's 1982 Annual Report; inside page explains the Bank's emblem and logo.

CONSUMER AND BUSINESS BANKING

Cards

Portfolio Overview

Issuing

In 2015, the total credit card portfolio grew by 17% to reach 273,000 cards and Ending Net Receivables (ENR) increased by 30% to around EGP 1.3 billion, while sales increased by 44%, generating a total annual volume of EGP 5.2 billion.

Acquiring

On the Acquiring level, CIB continues to lead the market, processing 34% of total market activity in 2015, which represents 13 million transactions worth EGP 10 billion in total, growing by 25% YoY.

CIB rolled out a pilot Mobile Point of Sales (PoS) program in 2015 that allows customers to use phones as PoS machines with select merchants. This will help expand CIB's reach into new industries and merchants by using an unconventional low-cost solution. E-commerce is one of the fastest-growing segments in the payment industry. In this way, CIB has initiated electronic trade in collaboration with merchants for an easier and more personalized way to trade online.

Strategic Objective

The main objective of the CIB Card Business is to lead the transformation of the Egyptian market from a cash-based to a non-cash-based system by working on increasing card acceptance and making CIB cards the nation's preferred payment vehicle, offering a full product suite of credit, debit, prepaid, and PoS services. We will become the market leader in card issuing by building and sustaining a loyal customer base while maintaining strong market leadership on the acquiring level.

Achievements

2015 saw CIB revamp its suite of card products with segment-based offerings, and launch two programs to enrich value proposition. Both are considered key pillars of the Bank's growth plan for its Card Business. This year's achievements are outlined as follows:

1. CIB Cards Products Suite Revamp

Retail Customers

The new product plan aims to transform the credit card product suite into differentiated product offerings based on segment needs and lifestyles. The product-alignment strategy is built on clear differentiation between the different product types and having extreme product offerings on the lower end, presented in the White card, and on the higher end, presented in the Platinum card. The purpose of the extreme product offering is to serve as an anchor product highlighting the attractiveness of the products in the middle of the spectrum (Gold and Titanium). A World card will also be launched to complement the offering of the new high-net-worth segment and will be an invitation-only card.

CIB cards will be properly differentiated and new attractive designs will be launched.

Corporate and SME

The Corporate credit card was launched to serve our corporate base, Strategic Relations Group (SRG) companies and our business banking customers. These cards will serve as a very convenient way for both corporations and employees to manage and calculate business-related expenses and digitize their payments.

2. Value Proposition Enrichment

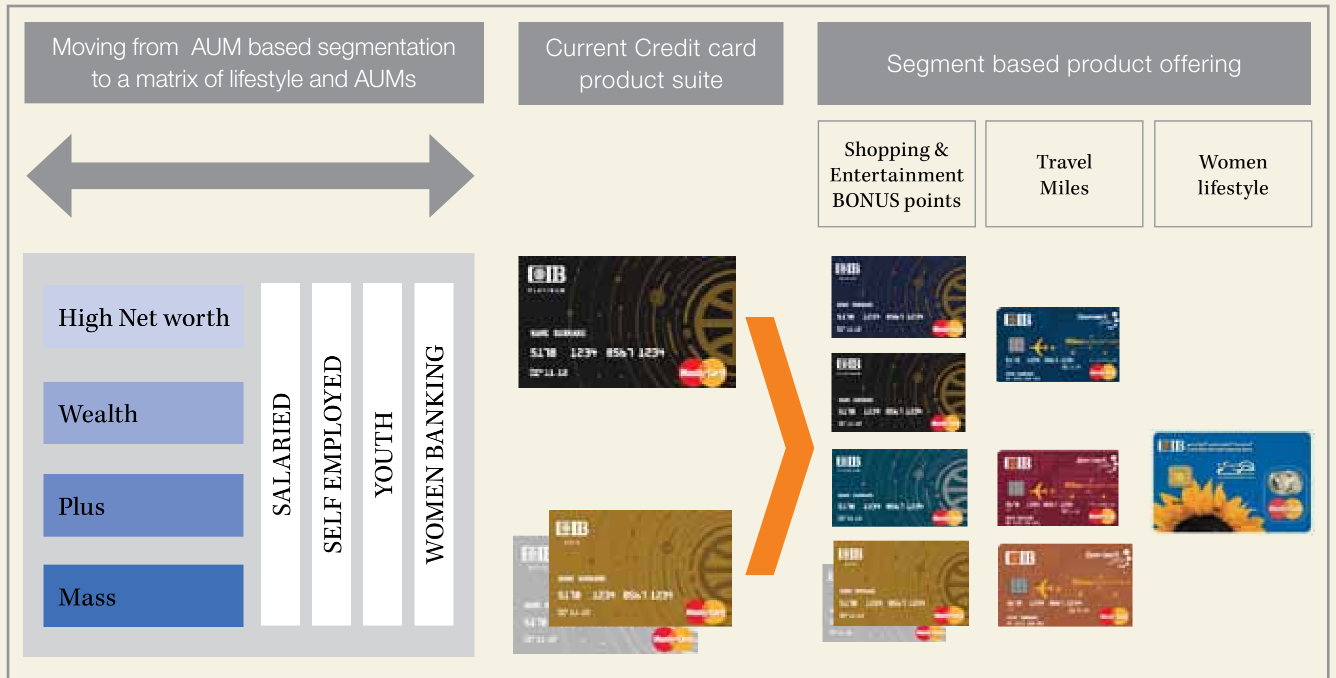
The launch of the ***CIB BONUS*** program was designed to guarantee high impact in terms of spending and overall customer experience, with the focus being on the value of earn-and-burn options. CIB has entered into agreements with some of the strongest vendors in Egypt, including hypermarkets, and electronics and fashion stores, to name but a few. Our loyalty base of vendors and merchants will increase with the launch of merchant-funded campaigns to boost spending.

Life Cycle Management campaigns that leverage the BONUS program have also been rolled out. The purpose of the campaigns is to drive customer behavior into more profitable spending patterns by targeting various segments such as early month on card bookings and dormant accounts.

- ***Installment Payment Plans (IPP)*** have shown great success since their official launch. Five programs were consecutively introduced to cater to the different needs of CIB credit card holders. The different IPP programs are:
  1. ***Single Transaction Enrollment*** for any cash or retail transaction as per customer requests.
  2. ***Full/Partial Balance Conversion*** targets pay downs and non-revolving segments.
  3. ***Balance Buy Out*** enables customers to pay their credit card balances in other banks and pay back their CIB credit cards in installments.
  4. ***Cash On Phone*** allows customers to get cash from their credit cards through their bank accounts and to pay back the cash amount in convenient installments.
  5. ***Zero Interest Installments*** with key merchants across different shopping categories, including home appliances, mobiles phones, and furniture. In its effort to meet customer expectations, CIB chooses merchants based on the nature of their products and customers' tendencies to pay for their purchases in installments.

The enrollment of the transaction takes place using a semi-automated installment process via CIB PoS. We aim to fully automate the process in 2016.

- ***Contactless Feature*** is currently being explored, in which CIB will be the first mover in the Egyptian market to introduce this feature on all CIB cards and PoS machines, guaranteeing the creation of more opportunities for card usage and expansion to new industries and merchants by using an unconventional low-cost solution.



Transform credit card product suite into a differentiated product offerings based on segments needs and lifestyle.

3.8 mn

Call Center agent-handled calls as of the end of 2015

Insurance Business

CIB Insurance Business provides life and general insurance programs that generate non-interest revenues in the form of fees for CIB Consumer Banking.

In 2000 CIB began promoting life insurance programs such as protection and savings packages. These programs were introduced to address a wide variety of consumer needs in Egypt through the Commercial Insurance Life Company.

The department began offering general insurance in 2011, capitalizing on its strong links to leading insurance providers in Egypt.

Target Segment

Due to the nature of insurance products, periodic premiums are paid to cover unforeseeable losses. Our business targets different client segments based on consumer income, health conditions, and needs-based analyses.

A number of new life insurance programs were introduced in 2014/2015 with upgraded benefits to better satisfy customer needs.

Strategic Goals

- Increase revenue contribution to Consumer Banking to 10% by 2017.
- Increase market penetration by expanding CIB's customer base.
- Lead the market by introducing a wide range of products from the best insurance providers.
- Introduce new variety of products such as medical.

2015 Achievements: Life Insurance

- Achieved a net growth in fee income of 7% (EGP 65 million in 2015 compared to EGP 61 million in 2014).
- Continued to provide a wide array of insurance plans to meet the needs of all consumers.

2015 Achievements: General Insurance & Bundled Products

- Increased Credit Shield fee income by 16%, EGP 16.8 million in 2015 compared to EGP 14.2 million in 2014;
- Increased Family Protection Plan fee income by 41%, EGP 3.9 million in 2015 compared to EGP 2.7 million in 2014;
- Developed existing insurance group policies related to assets portfolios by increasing the sum insured and age to assure optimum coverage at the best rates with a smooth process;
- Improved Bank Risk Management by reviewing the Bank's insurance policies related to financed assets and enhancing the reviewing processes for easy handling;
- Developed a fleet insurance package by providing our customers with competitive insurance pricing, which gave us the lead on the fleet product in the banking sector.

Going forward, CIB will develop different bundled insurance services with consumer products and segments.

Liabilities

The success of CIB Consumer Banking is demonstrated by the exceptional growth in customer deposits, which reached EGP 107 billion in December 2015, an impressive 22% increase of EGP 19 billion over year-end 2014.

In December 2015, CIB's total liabilities reached EGP 154 billion, a rise of EGP 32 billion or 26% over year-end 2014. CIB's deposit market share reached 8.4% as of October 2015, maintaining CIB's leading position among all private-sector banks. This growth is an outstanding achievement in a highly competitive market of 40 banks, and has helped CIB increase its footprint of overall deposits in the Egyptian banking system.

Consumer Banking's strategy has focused on the household segment, which was clearly reflected in the household market share increase of 50 basis points to reach 7.29% as of October 2015.

As a market leader, CIB also launched new tailored products for the household segment to enhance the Bank's competitive advantage. These products are Smart Saving accounts, FCY Save & Safe, and a bundle of term products to minimize attritions by offering the customer a discounted secured over draft (SOD) from day one against their newly booked term products. This bundled product is positioned as a new service for customers to cover any liquidity need as it will help in retaining their liabilities and increase penetration.

Consumer Loans

CIB Consumer Loans boasts a product suite of various propositions reaching out to all segments of the market through our well-established channels.

The product proposition currently contains a wide variety of payroll-backed lending offers that include collateralized lending as well as lending against sources of funds and surrogate associations. This extends to all segments of the market–salaried, self-employed business, and professionals. The product also has specialized product offerings that cater to existing CIB relationships and segments such as Wealth, Plus, and Payroll.

CIB Personal Loans furthered its aggressive growth in portfolios with a 37% growth in 2015 to end the year at EGP 6.5 billion against EGP 4.7 billion in 2014. This growth was achieved on the back of an acquisition reshaping exercise that increased payroll acquisition mix as well as better portfolio management that curtailed the attritional challenge on the portfolio. The Personal Loans product was also improved by the launch of new programs to facilitate the high-yield acquisitions and the revamping of payroll eligibilities and exposures to make the payroll lending product more competitive.

The portfolio build up was also complemented with an increase in single customer profitability by applying a multiple product sales model and by increasing unsecured loans' average ticket size by 10% to reach EGP 58,000 against EGP 52,600 in 2014. Personal Loans revenues recorded a growth rate of 43%, achieving EGP 347 million in 2015 versus EGP 244 million in 2014.

The Personal Loans product is expected to continue in such an aggressive growth pattern in 2016 through a range of initiatives that are planned for the year ahead:

- The Product Suite will be enhanced through segment-specific propositions that cater specifically to the profile of segments and their needs-based assessments. Product variants are in the pipeline for private clients, the female banking segment, and youth segments.
- A holistic payroll loans proposition will be introduced in a bundle with other products to increase payroll penetration and consequently, the payroll mix as well. The Payroll Lending proposition will be improved through enhanced eligibilities and exposures, bundled propositions, bonus reward points, and differentiated service standards.
- New programs and campaigns will be rolled out to facilitate new customers' acquisitions within the higher-yield/non-payroll segment. These initiatives will revolve around end-use propositions and building strategic alliances that target customers' needs.
- An upward shift in marketing campaigns will be seen, from generic product recall campaigns to innovative acquisition upsell campaigns that directly facilitate growth and channel efficiency.

This product strategy is complemented with a shift in the acquisition strategy that is characterized by:

- Setting up a dedicated Payroll Channel to maximize the payroll opportunity in its entirety – reflected in an increased number of payroll accounts as well as product penetration.
- Increasing mix in payroll lending that will create a more loyal clientele base.
- Diversified acquisition mix across high-yield programs that cater to specific segment needs and customer ease.
- Enhanced sales productivity and efficiency through the launch of CRM and Approval In Principle (AIP) campaigns.

The Auto Loans Business launched new programs to keep the product proposition attractive within a very competitive and dealer-driven market. This was done through summer promotion offers with fee discounts to enhance acquisition volumes and build dealer penetration. Efforts also included two rounds of higher Loan to Value (LTV) promotion to create market disruptions that are favorable to CIB acquisitions, in addition to specially designed Auto Loan propositions for the salaried segment.

On the dealer side, product proposition was kept attractive through business focused on effective dealer management that reduced dealer concentration and widened coverage, revising incentive structure to encourage a better mix of dealer sourcing, and by introducing additional KPIs of untapped dealer penetration to widen the network and expand coverage to new geographies such as Suez.

During 2015, we managed to increase dealer penetration to reach 57 dealers compared to 33 last year, and also revamped our dealer incentive structure resulting in savings of c. EGP 1.8 million annually in expenses. Operational efficiency was bolstered by improving turnaround time through revised application workflow and cut-offs.

The unsecured auto loans portfolio showed a growth of 23%. Additionally, gross contribution witnessed a tremendous increase to record EGP 31million compared to EGP 2.3 million last year.

Wealth Segment

Launched in December 2009, the Wealth Segment has since grown YoY to reach a total deposit portfolio of EGP 50 billion, representing 70% of CIB's individual accounts and 47% of CIB consumer banking, while maintaining a five-year CAGR of 23%.

This was made possible through a customer-centric approach and by preserving our core brand values: personalized solutions, priority services, trust, and recognition.

Financial Highlights

- Deposits recorded EGP 50 billion in 2015, up from EGP 41 billion, a 22% increase YoY, while maintaining a five-year CAGR of 23%.
- Assets recorded EGP 5.55 billion in 2015, up from EGP 4.34 billion, a 28% rise YoY, while maintaining a five-year CAGR of 18%.

Key Highlights

CIB Wealth formed an alliance with one of the premier travel agencies in Egypt, tapping into our customers' lifestyle by selecting premier destinations and offering special travel packages tailored to suit their needs.

Our alliance has since grown to include lifestyle and luxury, including special discounts on luxury products and concierge services.

We launched our Wealth Portfolio Application (WPA), a web-based software developed fully in-house which has become essential to the efficiency and productivity of our Wealth Sales force. WPA is a multi-function sales tool tracker that has given Branch Heads and Area Managers access to monitor their subordinates' daily performance. For wealth managers, it combines reports and analysis tools to offer a full view of each portfolio under management, enabling them to manage large client portfolios easily, while also offering a personal touch to clients through birthday notifications, CD maturity dates, large withdrawals, and to follow up with different departments on tasks including but not limited to pending loan applications or reasons for rejected credit cards.

Launching Wealth/Payroll Segment: In line with CIB's strategy, CIB Wealth and Payroll segments introduced their first synergy that will increase efficiency of both segments as it increases product penetration and share of wallet per customer.

On the Human Capital front, Revamp Wealth Academy was granted ICWIM Certification (International Certificate in Wealth and Investment Management) for our top performers, awarded by The Chartered Institute for Securities and Investments.

Aligning with CI Capital (CIBC research & CIAM) enabled us to provide our WRMs with the latest and most important news, including daily macro outlooks for Egypt and the MENA region, as well as capital market expectations.

Looking Ahead

Wealth Centers: CIB will be launching seven state-of-the-art Wealth Centers in the next year that will be the first of their kind on the market.

We are working towards having all our Wealth Managers ICWIM certified and moving on to IISI certification for our top-performers.

CIB will also launch the Private Banking Segment to attract high-net-worth-individuals who require a customer-centric approach, a dedicated product structure, and an exceptional standard of service. To this effect, a pilot phase was conducted to gauge market acceptability, with focus groups and customer surveys to better understand market needs and position CIB as a private-banking market leader. The pilot segment has now grown to include 1,500 customers with total AUMs of around EGP 18 billion and average AUM-per-customer of EGP 12 million.

Payroll

The Payroll Segment succeeded in achieving a total of 129,000 payroll relationships as of October 2015 (84,000 payroll accounts and 45,000 payroll prepaid cards).

In 2015, the segment contributed with 28,000 cards (49% of the bank's total achievement) and EGP 369 million in loans (33% of total consumer bank unsecured lending).

The total payroll segment portfolio now encompasses 343,000 clients (240,000 accounts and 103,000 cards).

With liabilities totaling EGP 4.5 billion, a cards total of 68,000 and personal loans worth EGP 1 billion, the Payroll Segment has grown exponentially since launching in 2011, reaching a monthly run rate of 12,000 new clients in 2015.

In the next three years and as part of financial inclusion, the segment is aiming to exceed 2 million payroll clients. The Payroll Segment is working on new concepts, including new product bundles with special insurance benefits that will match customers' needs and position CIB with a unique offering in the market.

In 2016, we will form a new "Payroll Personal Bankers Team" that is responsible for overseeing employee accounts and product cross selling to accelerate payroll deal takeovers, and maximize various product cross selling and maintain long-term relationships with payroll companies. Furthermore, there will be system enhancements to automatically process all payroll files.

CIB Plus

CIB Plus is continuing its accomplishments by offering simplified products, fast-track services, and personalized facilities that meet the needs of medium net worth individuals. High focus has been given to the training and development of the Plus Bankers to equip them with the needed skills to fulfill customers' financial goals. We have also focused more on our clients by offering tailored privileges and travel packages that meet this segment's desires, while also expanding into more locations, geographically covering dense Plus-Segmented populations.

In 2015, the Plus Segment witnessed continued growth by achieving incremental net sales figures leading to:

- Total deposits portfolio growth of 61% YoY as of December 2015
- Total assets portfolio growth of 68% YoY as of December 2015

In 2016, the Plus Segment will continue enhancing its offerings and products to ensure they cater to customer needs.

Business Banking

The Business Banking segment has provided both financial and non-financial solutions to its SME customer base since its formation and official launch in 2011. We provide financing, cash management, digital solutions, and advisory services that principally target small and mid-sized companies across a wide variety of industries in Egypt. All business products and services have industry-based propositions and focus on specific sectors, products, and markets with portfolios diversified by client and geography and that cover important business locations throughout the country.

Our principal products and services offering include:

Products and Services	
Unsecured lending facilities	Supply chain financing
Income proof industry based lending programs	Internet banking & alternative channels solutions
Cash management services	Corporate cards
Liability products and programs	Fund raising accounts

We source business mainly through direct marketing efforts to borrowers, manufacturers, vendors, and distributors for both existing bases and new acquisitions. This is done by understanding what is deemed most important to our clients' companies and businesses, allowing us to deliver exactly what they need at every point of their financial business cycles. Some of our efforts in that regard include:

- ***Simple, easy to understand products:***
  We have pruned our products and services to a simpler set that serves and addresses each company's needs based on their size, industry, and business nature ranging from basic banking to expert guidance.

- ***More ways to bank:***
  Companies can get bank-related information and make transactions when and where it is most convenient for them – online, through their mobile phones, through our ATMs, or our wide network of branches.

- ***Specialized expertise:***
  Nearly 80 Relationship Managers specialized in serving SMEs operate throughout our branches and work as a single team to proactively offer products and services to our clients, providing them with more personalized expertise in running their businesses and acquiring banking products.

By building across-the-board relationships with our companies, we're becoming SMEs' go-to bank of choice. This is why our relationship approach ensures that our companies have access to the right solutions for all their financial needs, including business banking, cash management, payroll, wealth management for the companies' owners, and advisory services that power business growth and fully utilize their business potential – without having to worry about the banking aspect of the relationship.

Business Banking accomplishments & achievements in 2015:

In 2015, we advanced our client-focused strategy, creating value for our shareholders and delivering strong financial performances. Building on our reputable foundation and corporate image, we have a strong, diverse and loyal client base of over 6,500 SMEs. Looking ahead, we will deepen our client relationships and continue to acquire more companies seeking optimum banking solutions for SMEs.

Summaries from 2015 financial performance:

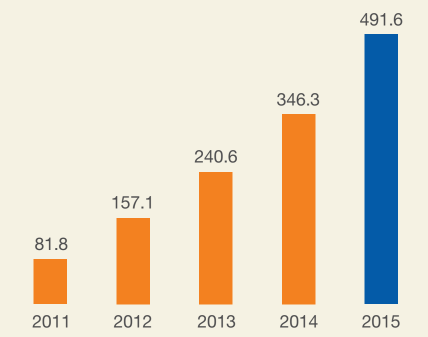
- Deposits balance sheet showed a growth of 131% with a EGP 5.3 billion increase in balances.
- Assets balance sheet showed a growth of 169% with a EGP 683 million increase in balances.
- Net Profit after Taxes showed a remarkable 139% growth vs. 2014, with a EGP 137.3 million increase.

Business Banking Ongoing Strategy:

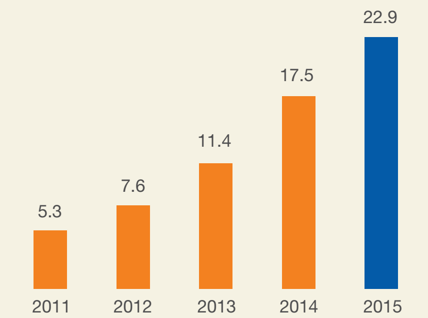
- The accelerating pace of change is an everyday reality that frames how we conduct business. We have built this into our strategic planning, allowing us to take action in the face of any obstacle or barrier while acknowledging

"We source business mainly through direct marketing efforts to borrowers, manufacturers, vendors, and distributors for both existing bases and new acquisitions."

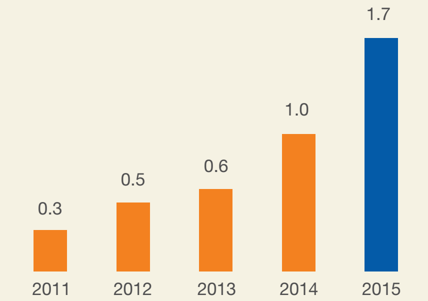
Net Profit Performance EGP M'



Deposits ENR Growth EGP B'



Assets ENR Growth EGP B'



that the future regarding SMEs in Egypt will be difficult to reliably predict given all the economic barriers and challenges that we currently face in the market;

- The customer remains at the core of the strategic priorities that guide our segment, with our focus continually being on how to support and empower SMEs' business in Egypt by offering them financing solutions that enable better cash management and growth opportunities;
- We continue to focus on the long term trajectory rather than short-term tactics, gradually evolving along with our clients to find innovative solutions to serve them;
- As the SME market continues to change rapidly, we trust that empowering our customers is the way forward. This is done by offering digitized solutions and platforms for improved banking experiences at lower costs, as well as automated processes and ease of service acquisition.

Our focus in 2015 on digital platforms for cash and trade services allowed us to offload almost 25% of the bank's migrated trade business volumes from our branch network to our online banking platform. This impacted our cost-to-income ratio, allowing us to cut expenses and increase our bottom line revenues significantly.

Furthermore, improving our clients' services will ultimately help us deliver our strategy.

However, this can only happen with a strong risk management approach that creates financial sustainability for both our clients and the Bank in an increasingly challenging environment. Our approach ensures that our risks are carefully managed, adequately assessed, and monitored so that corrective actions can be taken in a timely manner if necessary, mitigating all impacts.

We will continue to place our confidence on the SME business for the coming period, believing that these enterprises represent the future of Egypt's economy and GDP. Indeed, SMEs present many benefits – employment opportunities, empowering local enterprises vs. foreign companies, and boosting the economy, as almost 80% of Egypt's GDP relies on SMEs.

Digital Banking

CIB Digital services continue to be a part of our customers' daily activities as we offer a simple, trusted, enjoyable, and advisory digital financial experience that is in line with their needs.

Below is list of CIB's current bank channels' digital capabilities:

ATM: Diversified offering that positions CIB as a global reference case

- ***Access:*** All bank card types can access ATMs with a dual-language option, Arabic and English
- ***Card-Based, Full Account Management Functions for Banked Individuals:*** Cash withdrawal, cash deposit, credit card settlement, transfers, balance inquiry, mini statement, PIN management, bill payment, and mobile recharge
- ***Card-Based Banked Companies:*** Small cash deposits into accounts

CIB ATM in the 1990s. Over the years, CIB's ATM network grew to become the largest in the private-sector with 662 machines across the country.

Our Strategic Priorities

1. Become the bank of choice for SMEs in Egypt
2. Expand strategically by leveraging on our strong corporate image
3. Offer easy access to finance for our clients to help them have a better cash cycle
4. Introduce self-served banking business model through e-solutions
5. Ensure that our strength in risk management underpins everything we do for our customers

In its efforts to further its reach, CIB became the first bank in Egypt to introduce Mobile ATMs in early 2005. CIB increased the number of vehicles in 2007 and to this day still offers this service to clients.

- ***Cardless-Based Banked/Unbanked Individuals:*** Cash deposits into accounts, credit card settlement, domestic remittance via Turbo Cash service that allows CIB or non-CIB customers to transfer funds. Even unbanked customers can transfer money in a secure and fast manner. This service will support the strategic direction of CIB toward financial inclusion and unbanked customers, which in turn will reroute portions of the capital being circulated in the parallel economy back into the banking system.
- ***Market Share:*** CIB has 662 ATMs (including 21 acquired from Citibank), making CIB the largest private sector bank in terms of network and the second-largest bank in terms of bill payment volume and value.
- ***Migration:*** In terms of transaction migration, CIB hit a global benchmark with more than 98% of eligible cash withdrawal transactions and 82% of eligible small cash deposits migrating to the ATM network.

Internet Banking: Solid growth of new-to-service enrollment

- ***Access:*** Provide bilingual access using CIB debit cards.
- ***Segments:*** Special treatment for Individual Mass, Plus, Wealth, Business Banking, and Mass Companies.
- ***Inquiry Services:*** Deposit accounts and credit card online balance, recent transactions and historical statements, as well as balance inquiries for term deposits, consumer loans, and mutual funds. CIB also has

8K
Small cash deposit migration rate

>98%
Cash withdrawals migration rate for eligible transactions

662 ATMs
Largest private-sector network

the unique feature of accessing special nature related accounts: Joint, Power of Attorney, Minor, etc.

- ***Transaction Services:*** Our transaction services include to-own accounts, third-party transactions to other CIB accounts or any other bank inside/outside Egypt, credit card settlement, charity contributions, checkbook requests, managing supplementary credit cards, stopping a credit card, or disputing a certain transaction.
- ***Performance:*** We presently have 173,342 users, accounting for 25.4% of the bank's client-base due to the branch network's outstanding activation and customer on-boarding efforts. This has resulted in a 39% annual increase of the number of registered users from 2014. This year also witnessed a jump in online banking transactions, reaching 675,000 total transactions, a 45% increase from 2014.

Interactive Voice Response (IVR): A transformational journey toward a consolidated customer interaction hub

In 2015, two phases of the IVR revamp were successfully deployed to transfer calls from agent to self-service menus, offering the following services in a lower cost:

- ***Access:*** In addition to access with debit cards, customers can now access IVR via their credit cards, caller ID, and PINs.
- ***Inquiry:*** Flash balance for deposit accounts and credit cards, TDs, CDs, consumer loans, and mutual funds.
- ***Transactions:*** Covers transactions between own accounts, credit card settlement, charity contribution, checkbook requests, debit/credit cards self-activation, and PIN set up.
- ***Let's hear your voice:*** Our new "Post Call Survey" service enables customers to evaluate their phone calls with CIB Call Center and any other service in general.
- ***Segmentation:*** Automatic routing based on Caller-ID.
- ***Performance (IVR):*** After an upgrade in February 2015, the number of new registered users increased from an average of 650 to 4,000 per month. This contributed in increasing the transfer of eligible agent calls from 27% in 2014 to 58% in 2015.

Call center: In 2015, the Call Center launched a platform upgrade that introduced new features and enhanced agent utilization, service levels, and customer experience through the following:

- Supporting the video conference service as a new method of customer interaction.
- Automating the workforce management, improving efficiency.
- Outbound automated dialer for predefined lists, which directs the call to the agent once the call is answered.

In terms of performance, the Call Center supported 3.8 million agent-handled calls as of the end of 2015, scoring a 95% service level with a 74% efficiency rate. The call center has also maintained a six month benchmark of a 95.5% satisfaction rate as per external mystery shopping results.

173K
Internet banking users

25.4%
Of the bank's total population

675K
Financial transactions

58%
Eligible calls migrated to IVR

4K
Registered users per month after February upgrade

Additionally, the Call Center has shifted toward becoming a revenue-generation channel by proactively promoting sales, achieving 2,500 Credit Shield Sales and EGP 17 million Equal Payment Plan (EPP) during 2015.

Smart Wallet (soft launch) availing simple accessible banking to everyone

This year witnessed the soft launch of the CIB Smart Wallet, a transformational financial solution that lays a solid foundation for financial inclusion. Launching the new service of Smart Wallet confirms the leadership of CIB in providing digital and innovative solutions. The initial phase involved a staff pilot and a limited rollout for the youth segment, targeting closed communities like the American University in Cairo (AUC) and the German University in Cairo (GUC), reaching 8,095 registered customers by the end of 2015. This phased pilot approach was implemented to gather more insight about customer usability in order to enhance customer experience in preparation for the grand launch in 2016. CIB also signed an agreement with Fawry, the largest agent banking-service provider in Egypt, to provide cash in/out, and registration for CIB Smart Wallet. This will have a positive impact on the cost of acquisition and the operational cost for serving the wallet customers.

AUC Registered Users	GUC Registered Users	Total
1,250	1,622	2,872

Social Media: **Outstanding acquisition pace of social customer relationship leading to worldwide ranking**

- ***Building a Community:*** We have reached more than 330,000 fans on Facebook since launching in April 2014.
- Building an Online Social Media Center: 19 highly capable social media agents are in place who respond to any inbound message with an average response time of three minutes for more than 97% of the interactions (recognized as highly responsive by Facebook).
- ***Protecting the Brand:*** We've created a strong digital brand presence and effectively managed the Bank's reputation (recognized by Social Banker as the number-one most engaging financial brand in Egypt, February 2015).
- ***Voice of the customer (VOC)***: We continually aim to improve customer experience by listening and responding to inquiries, issues, and suggestions.
- ***Loyalty:*** Improve loyalty and retention by creating an emotional bond and sense of belonging within the CIB community.
- ***Leads:*** Creating a new channel for sales and promotional activities.
- ***Recognitions:*** Social Banker reports stated that CIB's official Facebook page was number one for banks in Egypt and number three for banks worldwide in April 2015, in terms of fan-page growth.

Digital Leads:

Launched in December 2014, Digital Leads are captured from various sources such as search engines, digital ads, and social media, all to direct prospects to the cibeg.com public portal. During 2015, over 10,000 digital leads were captured for 10 different products.

Marketing & Communication

The growth in Consumer Banking portfolios is related to launching successful marketing activities/campaigns that adopt a more personalized targeting approach involving greater customer engagement. Hence, CIB's marketing and communications' objective through 2015 was to support the

8K
Registered mobile wallet customers

95%
Service level

75%
Service level efficiency

2.3K
Credit Card Shield sales

>300K
Facebook fans since April 2014

10K
Captured digital leads

4 mins
Average response time for more than 97% of interactions

business by paying attention to the latest trends in market research, acquiring targeted segments, and focusing on digital marketing, as well as raising awareness about non-cash based transactions.

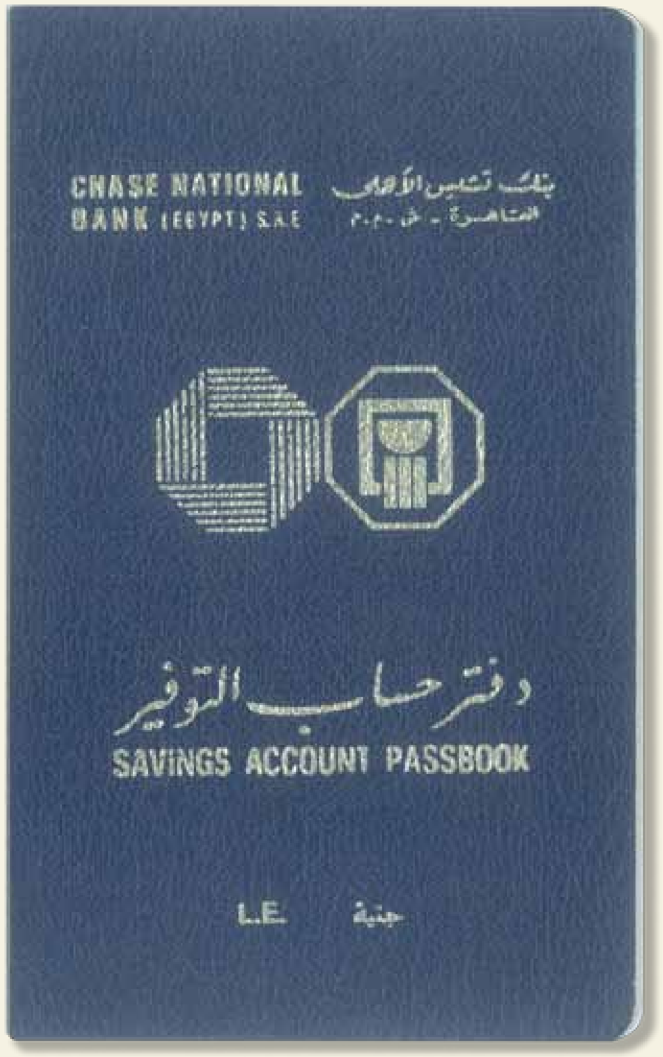
Keeping up with key market research trends is hugely valuable in guiding future marketing activities. This is implemented by measuring customers' interests and behavior through both qualitative and quantitative research.

The changing market findings are being monitored by a reputable research agency with quarterly market scans. These efforts also extend to the youth segment with syndicated research and focus groups that help guide the business in developing a strategy for this segment. Furthermore, a number of post-product-launch focus groups were conducted on liabilities products in support of creating a range of offerings that appeal to a wider base of customers.

It is vital for the strategy's main focus to shift from product-centric to customer-centric, in terms of appealing to the target group's age, demographics, and interests. This will lead to sustainable growth by catering to the varied needs of different segments through innovative products and exceptional customer service.

Marketing & Communications activities this year included:

- ***Our strategic alliance with Vodafone*** provided a B2B portal to serve the SME segment, where we also took part in a four-day event where branding materials were distributed and card referrals were gathered.
- The business banking event ***Ramadan Sohour*** was organized so that clients and Business Banking RMs could network and enjoy a late-night meal during the Ramadan holiday.
- In the wealth segment, a ***Wealth, Lifestyle & Privileges campaign*** was launched, offering tailored travel packages to preferred destinations.
- As part of efforts to transform Egypt into a non-cash-based market, CIB participated in the ***National Debit Campaign*** for the second year in a row to raise awareness of the issue and increase debit-card usage. This was supported through the development of a variety of tailored cards such as Travel Choice Pre-Paid cards, Corporate Cards, and MCDR Prepaid Cards to match different payment purposes. Also, plastic credit card designs were revamped and new benefits/features were added. For example, an EPP installment plan, roadside assistance, a bonus loyalty program, special promotions through Blue Sky and Tickets Marche, as well as exclusive Smart Shopper discounts for different vendors throughout the year.
- Asset marketing activities in 2015 resulted in boosted product sales numbers, even during weak seasons. The personal loan campaigns ATL and BTL were launched in the first quarter, aiming to increase product awareness and sales numbers. Furthermore, an auto loan promotion launched in June that offered a 50% waiver on administrative fees. As for mortgages, special deals were promoted that offered discounted rates in the large housing compounds of Sheikh Zayed in Sixth of October City.
- Consumer marketing is becoming increasingly digital, which means CIB has kept busy as part of its efforts to become "The Best Digital Bank in Egypt." Activities this year included:

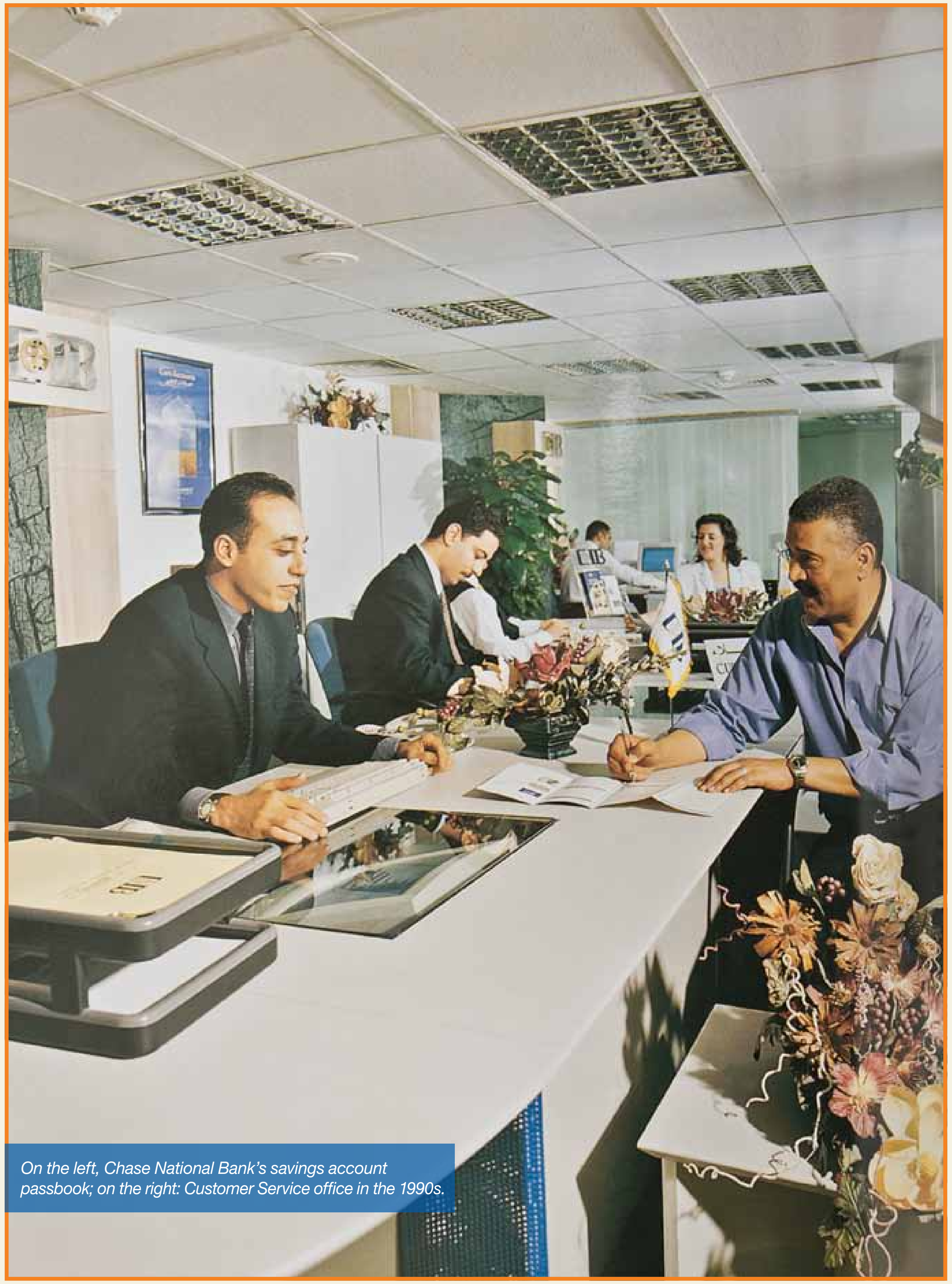


Smart Wallet activation booths at the American University in Cairo (AUC) and the German University in Cairo (GUC)

Internet banking concierge activation at over 16 branches by utilizing the CRRs in branches to direct clients to digital channels.

SEM or "Search Engine Marketing'" campaign that positively impacted CIB website traffic.

Animated videos The evolution of the marketing visual content requires integrating number of creative videos to be displayed on social media channels and branches LCDs communicating products features in a simple creative way as a replacement to the standard text communication.



On the left, Chase National Bank's savings account passbook; on the right: Customer Service office in the 1990s.

COO AREA

Moving toward digital transformation while simultaneously adopting a dual-growth strategy, the Bank continued to expand its branch network to reach 187 by the end of 2015.

COO Area's Focus for 2015

In 2015, the COO area's focus was on ensuring that the right infrastructure was in place to cater to our business expansion plans and to bring the Bank to the next level in terms of its technology and infrastructure capabilities. A particular challenge in that respect was the Citibank Consumer Business acquisition, where CIB successfully acquired Citibank Egypt's Consumer Banking Business, including individual accounts, cards, and loans portfolios, requiring the implementation of a six-month transition plan for the Operations and Technology Groups. A great deal of effort is being exerted to ensure a smooth transitional process by the end of May 2016.

Internally, as the backbone of the Bank, COO Area worked hard to achieve its plans of increasing operational efficiency and productivity to improve services rendered to customers through a more efficient workforce that supports the Bank's business plans and aspirations; this included various automation and process re-engineering initiatives. These plans were supported with the launching of a number of key projects and automation initiatives, including Custody Operations Automation, and increasing the rates of our Straight-Through-Processing (STP), to name but a few. A number of pivotal strategic projects also kicked-off this year as part of the Bank's transformation strategy, including Customer Relationship Management and an infrastructure revamp, among others whose aim is to boost the Bank's capabilities in the coming two to three years.

Operations, Channels & Customer Experience

Moving toward digital transformation while simultaneously adopting a dual-growth strategy, the Bank continued to expand its branch network to reach 187 by the end of 2015. Those include the Citibank branches acquired as part of the deal. In parallel, the Bank launched a number of digital initiatives, including the pilot program CIB Smart Wallet as well as a digital payments system. Additionally, extra features such as check acceptance and other value-adding services were introduced to our nationwide network of 662 ATMs. A completely revamped Interactive Voice Response (IVR) System was also launched with the aim of improving customer experience of our touch points. Our call center supported more than 3 million self-service and agent-handled calls during 2015, addressing customers' inquiries, requests, and complaints, while also acting as a revenue-generating entity through the cross-selling of the Bank's products to our customers.

CIB further increased its social media presence by creating its LinkedIn profile in addition to a Facebook page that was launched in late 2014. Those provide a more enhanced way of communication with our customers on social media, which remains the most reachable and powerful platform in-hand, and also to ensure that customer requests, inquiries or complaints are addressed in a prompt manner through a dedicated team of social media management professionals on board.

Our Operations team supported the launch of a number of new services introduced to our customers this year, including equal payment plans and loyalty programs for our credit card customers as part of our effort to increase customer loyalty by providing smoother payment facilities for credit card settlement. This year also saw CIB launch its chip-based debit cards, aiming to provide our customers with more secure payment methods, in line with the Bank's efforts to protect customers' interest and welfare.

Further focus also went this year toward understanding our customers' needs through structured customer satisfaction surveys conducted across all segments. This helps provide superior services and benchmark our service offerings to align with regional standards for customer satisfaction.

Business Continuity Management & Information Security

Continually acknowledged as a pioneer in implementing international standards and best practices, CIB continued to set a unique best-practice model to be followed in the Egyptian financial sector in the Business Continuity Industry. Our team was crowned as the award winner for "Business Continuity Team of the Year – 2015" from the US-based Disaster Recovery Institute International (DRII), one of the most reputable business continuity, disaster recovery, and crisis-management institutions worldwide. The Bank was also a seven-time finalist/runner-up for various business continuity management awards both regionally and globally. The Bank continues to invest in further improving its business continuity and recovery capabilities to ensure it provides sustainable services to our customers.

Security was also a major area of focus for the Bank this year. Much efforts and many investments were directed toward improving our security-management process across the board, including physical security measures as well as information and cyber security, aiming to create a safer operational and business environment that supports the organization and customers' benefits and well-being. Several projects and initiatives were undertaken in this direction, in addition to complying with the CBE's regulations for internet banking that were mandated across the entire banking sector.

Real Estate & Corporate Services

CIB expanded its reach by opening an additional 21 branches and completely renovating three others in 2015, bringing the network to 187 branches in total, including the acquired Citibank branches. A new "Wealth Center" concept was introduced this year to serve the high-net-worth segment and provide a unique customer experience.

The Bank also had an aggressive head-office growth agenda, with an additional building acquired in Smart Village, which expanded and enriched CIB's footprint in this area. These additions are alongside the 3,000 sqm acquired from the Citibank head office in New Cairo's Fifth Settlement and an increase in office space in our Heliopolis head office. These expansions are intended to accommodate the Bank's growth and also the new Citibank staff who joined CIB as part of the acquisition deal, with all efforts equating to a better working environment for our employees.

Environmental Sustainability also undertook many initiatives in 2015 that were of strategic importance for the Bank. The Bank's branch on Teseen Street (Road 90) in New Cairo attained the "Egyptian Green Pyramids Certificate" (GPRS) – Golden Rating, a local Sustainability certificate granted for existing buildings by the "Housing and Building National Research Center." CIB is the first bank to obtain such a certificate, which further fosters its contributions to sustainable development. An initiative to replace all lighting with LED lighting at all Bank premises was also launched as part of CIB's continuous contribution toward energy saving and environmental sustainability. The Bank also ensured it integrated sustainability and energy-saving standards within its day-to-day operations.

Information Technology

IT embarked on its aggressive transformational journey this year by initiating a number of major strategic projects that were focused on customer centricity, technical agility, and infrastructure resilience, as well as several initiatives that aim to enhance the Bank's technology capabilities. The IT department's leadership was boosted with well-experienced professionals to support our technology maturity plans in the next few years and move further toward acting as a business enabler to achieve the CIB's strategic goals.

Technology played a major role in 2015; the conclusion of the migration plan and other related activities of the Citibank acquisition involved very detailed and complex planning for over six months, which were followed by a period of execution that will continue until successful migration is complete by the end of May 2016.

We continue to invest in our people within the IT organization, believing that our employees are the key pillars for our success, with comprehensive technical and leadership training plans tailored to cover their development needs moving forward.

Brand, Corporate Communications, and Sustainability Department

Brand & Corporate Communications

As the primary channel promoting CIB's brand image, on both internal and external fronts, as well as the carrier of the communications and sustainability responsibilities of the whole organization, the Brand and Corporate Communications Department focused on capitalizing on the successes of last year. By utilizing its many channels and tools, the department further solidified and expanded CIB's brand awareness, image, loyalty, positioning, and exposure.

The year 2015 witnessed a number of notable accomplishments, particularly CIB's outstanding contribution to and organization of major events of significant economic and political weight. CIB was an integral partner of success in three of the most important events of 2015: The Egypt Economic Development Conference (EEDC) in Sharm El-Sheikh in May, the inauguration of the New Suez Canal in August and the Egyptian gala dinner held in New York in October in support of Egypt's candidacy to the non-permanent seat of the Security Council. The Bank played a leadership role at each event: CIB was a platinum sponsor and main lunch host at the EEDC, a gold sponsor with branded giveaways at the inauguration ceremony of the New Suez Canal and the exclusive sponsor and organizer of the gala dinner "Evening in Egypt", which was held at the Metropolitan Museum of Art and attended by over 500 dignitaries, diplomats, and high-profile guests.

Augmenting this widespread brand exposure, CIB maintained its distinctive branding across Cairo International Airport, ensuring the Bank's exclusive signage is in focal positions such as being the first and only bank with branding inside and outside Cairo International Airport's tubes. This branding supports our strategy of attracting foreign investors to Egypt while creating top-of-mind awareness to all potential clients. The significance and value of this branding was demonstrated during the EEDC, as CIB secured main positions across Sharm El-Sheikh Airport, the gate of entrance and departure for all of the high-profile guests.

With regards to communications channels, on the external level, the department launched CIB's Commitment Campaign across TV, outdoors, print media, and digital platforms. The success of this campaign was evidenced by performance figures that trumped the estimated/targeted ones. Engaging activities were also conducted internally among staff members to better promote the campaign, such as "Be the Script Writer" and after-working hours entertaining activations inside and outside CIB premises and branches.

External communications in 2015 witnessed remarkable achievements across different fronts: press releases, press ads, the CIB Portal, and various social media platforms. The focus on each element further cemented CIB's position and leveraged its competitive edge in the market. Remarkably, the CIB portal experienced considerable growth of traffic, with visits up by 33%, existing users by 45%, and new users by 44%.

With regards to social media, the team bolstered brand presence across social media channels, taking into consideration the impact of such channels as they actively reflect the real-time pulse of the audience. New CIB pages on Instagram and LinkedIn were also launched.

An important component of this year's external communications strategy was to boost CIB's brand equity and exposure in the foreign sphere, through targeted media

"External communications in 2015 witnessed remarkable achievements across different fronts: press releases, press ads, the CIB Portal, and various social media platforms. The focus on each element further cemented CIB's position and leveraged its competitive edge in the market."

exposure, PR strategy, and high-profile international events. In this regard, the following was conducted during 2015:

- ***Brand Campaigns:*** CIB promoted a special campaign that focused on profiling CIB in specific, and Egypt in general, which generated positive impact and contributed to the creation of favorable and transparent perception about the investment environment in Egypt.
- ***Foreign Media and PR Strategy:*** This year's foreign media exposure and PR strategy brought back positive returns for the CIB brand, as the penetration and reach of our brand across leading media platforms expanded. Building and maintaining close relationships with leading media experts, editors-in-chief, and senior editors resulted in a series of interviews and positive placements on CIB and Egypt in the world's leading and most reputable media organizations, including: Bloomberg TV, Wall Street Journal, The Banker, Forbes, The New York Times, Reuters, The Economist, USA Today, The Financial Times, and Euromoney. All were conducted with the aim of profiling CIB's Chairman, expanding our brand exposure and promoting Egypt. Special articles with the Chairman's byline on the Egyptian economy and the New Suez Canal inauguration along with a range of op-eds were published in renowned international media platforms, the most prominent of which was The Hill, a leading US political website that is read by White House executives and many lawmakers.

CIB's PR strategy was a fundamental catalyst in promoting the successful acquisition of Citibank's retail and card business in Egypt. A widespread PR plan was implemented to capitalize on this vital agreement and ensure the proper exposure in terms of foreign media. The news was featured in more than 30 prominent portals, including but not limited to: The Wall Street Journal, Reuters, Bloomberg, the Guardian, Yahoo, Telegraph, Gulf News, US News, and many more.

Newspaper headlines about CIB's IPO on 12 September, 1993 – the largest local bank IPO in Egypt.

Equally important, the department focused diligently on boosting internal communications, as the core channel connecting all CIBians bank wide, through different channels, such as the Intranet and newsletter. The main goal of the intensified internal communications is to harden the sense of ownership and loyalty among staff and ensure that everyone is conscious of the Bank's latest news and achievements.

Aligning with the brand strategy and plan, CIB continues to select sponsorships that sustain the Bank's commitment to society in general and Egyptian youth specifically. This year, the Bank further diversified its types of sponsorships and sealed new ones:

- "Al-Nour Wal Amal" orchestra, which consists of blind female musicians
- International Museum Day in Egypt
- Flyboard (non-traditional sport)
- Upper Egypt Youth Salon
- Egyptian artists at the Biennale di Venezia and Florence Biennale

These sponsorships are in addition to the ongoing ones relating to themes of lifestyle, CSR, art, culture, and sports, such as:

- El-Sawy Culture Wheel
- KidZania
- IMAX Cinema
- Zawya, an art-house cinema in Downtown Cairo
- Euromoney
- TedX
- The Egyptian Squash Federation
- Youth Salon
- American Chamber of Commerce in Egypt (AmCham)

Each sponsorship has had a positive and impressive impact on CIB's brand, but topping the headlines this year was the Bank's sponsorship of Omar Samra, who became the first Egyptian and the youngest Arab to complete the Explorer's Grand Slam, which involves climbing the Seven Summit – the world's highest mountain peaks on all seven continent – as well as skiing to both the Geographic South and North Pole.

In addition to sponsoring and backing talented Egyptian youth, CIB also supports its talented staff members, offering them an equal opportunity to develop their skills through various initiatives, including the Photography Internal Competition that was held in 2015 for the second consecutive year, in addition to the "Be the Script Writer" contest, which has revealed the hidden writing creativity of many CIBians.

Capitalizing on last year's achievements with regards to branches, the Brand and Corporate Communications Department supported the expansion of CIB's network of branches by maintaining the unified and standardized look and feel across the network and implementing new guidelines. A total of 21 new locations were inaugurated and added to the network, in addition to the eight acquired branches from Citibank, increasing CIB's coverage scope in the country.

Looking ahead to 2016, CIB will continue to solidify its leading brand position in the market and expand its brand awareness, loyalty, and exposure, both regionally and internationally. The Bank plans to benefit from its current brand campaign and launch new ones, capitalize on international promotion, diversify the scope of sponsorship themes to amplify CIB's firm commitment and support to society, and strengthen its communications channels by adopting and implementing the latest innovative techniques.

CIB Awards

CIB's superior performance and depth of premium service and products were recognized by many reputable organizations that granted the Bank different notable awards covering a variety of banking fields, on both regional and international levels. CIB received a total of 21 international awards, two of which were extended to the Bank for the first time ever, including:

- Best Business Continuity Team - DRI International: The DRII is one of the world's leading certification bodies in Business Continuity and disaster recovery planning. For the first time ever, the DRII granted its "Team of the Year" award to an Egyptian bank in recognition of CIB's level of excellence in business continuity management.
- Best Consumer Digital Bank in Egypt - Global Finance: This award was granted to CIB for the first time in recognition of the Bank's digital platforms in terms of look and feel features, in connection with the re-launch of CIB's website last year.

The list of 2015 awards also includes:

- Best Trade Finance Provider in Egypt - Global Finance
- Best Foreign Exchange Providers in Egypt - Global Finance
- Best Bank in Egypt 2015 - Global Finance
- Best Sub-Custodian Bank 2015 - Global Finance
- Trade Finance Deal of the Year - African Banker
- Best Bank in Egypt - Excellence Award - Euromoney
- Best Corporate/Institutional Internet Bank in Egypt - Global Finance
- Best Information Security Initiatives - Global Finance
- Best FX Services in North Africa - EMEA Finance
- Innovators in Foreign Exchange - Global Finance
- Best Bank in Egypt - EMEA Finance African Banking
- Achievement in Enterprise Risk Management of the Year - Asian Banker
- Strongest bank by balance sheet in Egypt for 2015 - Asian Banker
- Best Commercial Bank in Egypt - Banker Africa
- Best Corporate Bank in North Africa - Banker Africa
- Most Socially Responsible Bank in North Africa - Banker Africa
- Bank of the Year Egypt - The Banker
- Elite Quality Recognition Award by JP Morgan - MT 103 (90%)
- Elite Quality Recognition Award by JP Morgan - MT 202 (98%)

FINANCE GROUP

The Finance Group had another successful year in 2015, as it continued to drive performance while focusing on the maximization of long-term shareholder value.

Finance drove the expanded use of Risk Adjusted Return on Capital (RAROC) as a standardized performance-measuring tool throughout the organization to realize greater levels of efficiency in capital allocation. In 2015, the use of RAROC was extended to all corporate clients and retail banking products.

Finance continued upgrading its IT capital, with the implementation of an advanced enterprise performance management system that provides more timely and comprehensive reporting capabilities. The bank launched the "Big Data" initiative in Q4 2015, which will revolutionize the way the bank gathers, processes, and disseminates information, aiming to transform our business to a true data-driven model.

The Bank's Regulatory Reporting team worked closely with the CBE to implement Basel III liquidity ratios: Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR), as well as leverage ratios. By exceeding these more stringent ratios, CIB underlined the exceptional strength of its balance sheet.

CIB's first check book, 1987, after the Bank's name had been effectively changed on June 15 of the same year, following Chase Manhattan's exit.

HUMAN RESOURCES

Organization Development
In line with the HR strategy to develop potential talents, the Organization Development (OD) department created the Talent Management team, assigning it the responsibilities of competency modeling, development and management programs, and employee assessment. The OD launched two Talent Management programs in 2015 targeting middle management, namely the Middle Management Career Counseling and Middle Management Development programs. Both initiatives aim to accelerate potential employees' business and technical development by identifying career-growth opportunities within the organization.

Using standardized leadership styles as a measure, the OD also launched an assessment of middle-management leadership styles to identify gaps, which are utilized by managers and impact team performance and department climate.

In continuation of the Voice of Employees initiative, a number of focus groups were held in 2015, with a special focus on critical departments, followed by comprehensive analysis, recommendations, and action plans to address identified challenges.

Compensation & Benefits
The Compensation and Benefits department participated in a number of salary surveys to capture comprehensive industry insights to support the creation of a compensation strategy for existing employees to ensure that CIB's compensation schemes remain competitive, in order to effectively retain and attract the best calibers in the market.

Learning & Development
This year, the Learning and Development (L&D) department was strategically engaged with all business areas, offering a comprehensive suite of learning and training programs and modules. L&D developed innovative ways to further assist in the upskilling and empowerment of CIB's teams with the best professional learning experience.

The Job Families Approach was successfully carried forward in 2015 to include a new accreditation program, "Private Client Advisor" (PCA), in addition to having a well-designed training matrix for key technical bank areas.

Various training methods and techniques have been applied at all levels, including:

- ***Off-site Events*** (for senior- and junior-level employees): Aimed to increase loyalty and engagement of employees in addition to strengthening team spirit
- ***Open Seminars***: Focused on adding new knowledge and enhancing employees' existing capabilities
- ***Departments' Team Building Activities:*** Designed to boost energy, morale levels, and enhance team effectiveness through interactive and challenging activities
- ***Simulation Programs:*** Aimed to add new learning approaches and experiences
- ***Blue Collar Program*** "We are All CIB": Introduced to motivate blue-collar employees, create a "pro-worker" atmosphere within CIB, and boost the overall morale and the sense of belonging

In line with CIB's Corporate Social Responsibility (CSR) strategy, L&D adopted the following initiatives in 2015:

- ***Summer Internship Program*** that saw students from public and private universities train at CIB branches and departments for a duration of six weeks, widening their banking exposure and perspectives
- ***CIB Scholarship*** for Ain Shams University students
- ***Open Seminars*** for Cairo University and German University in Cairo (GUC) students

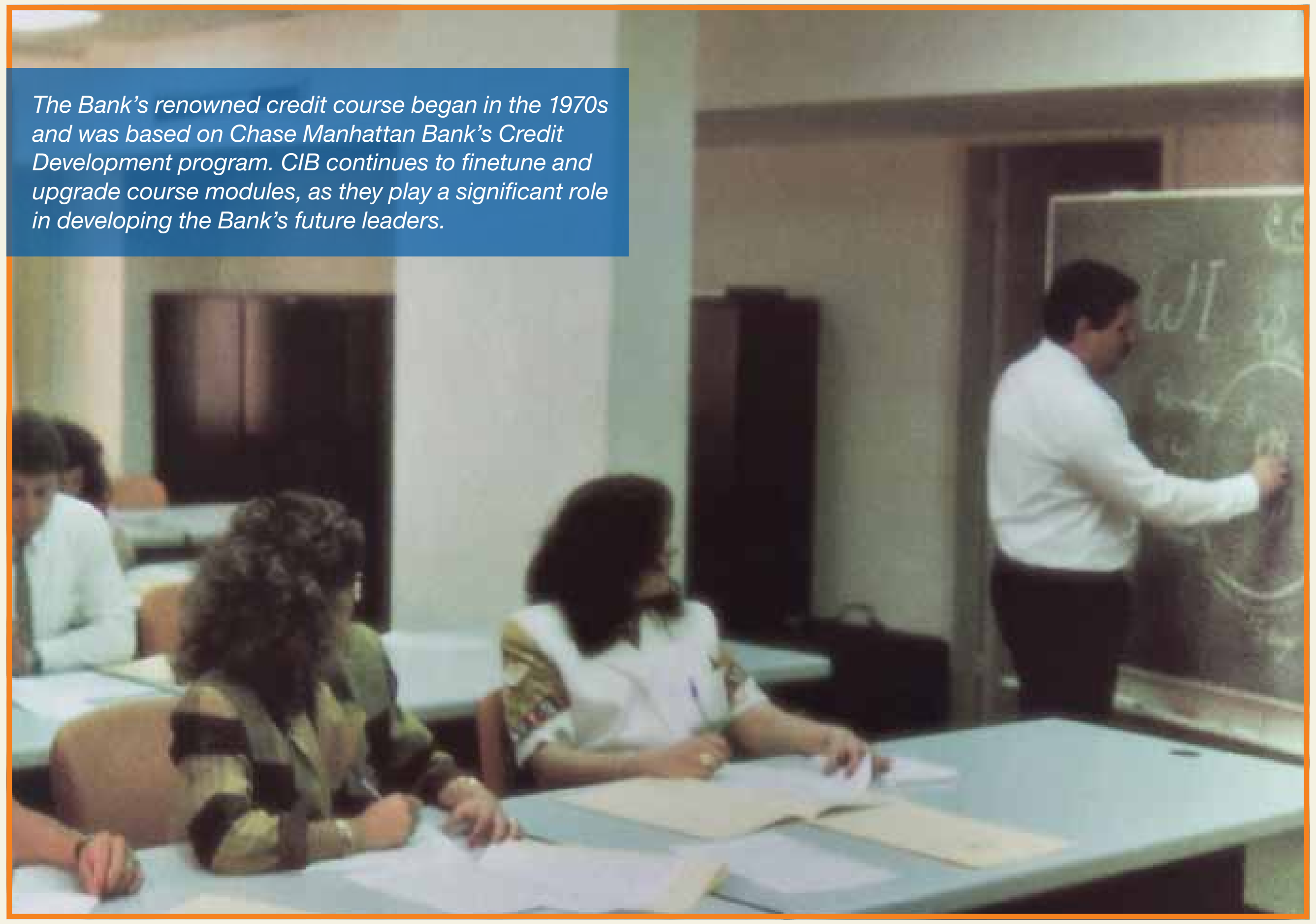
The L&D also developed various innovative learning tools including Webex Training, E-learning, Leadership Insights, E-library, mobile applications, and educational videos.

Recruitment
In line with the organization's customer centricity, the Recruitment and Selection department managed to align hiring criteria and processes in order to ensure the attraction of top calibers in the market who are capable of supporting CIB's aggressive growth strategy:

- In 2015, new methods of assessing candidates were introduced: full assessment centers, psychometric tests, and customer-contact-style questionnaires
- Launched the I-Recruitment system, which assisted in the scanning of CVs, reducing turn-around time, and providing several search tools on a variety of dimensions
- The Recruitment and Selection team has been engaged with top international and local executive search firms to support the Bank in attracting the markets' best talents

The Recruitment and Selection department adopted various screening techniques, including:

- ***The Unified CIB Interview Panel:*** Designed to provide a consistent profiling assessment in terms of behavior and personal attributes that match job requirements
- ***The Thomas Online Assessment tool:*** Used to assess the behavioral patterns and competencies of each candidate as opposed to where they fit best and how they react in a certain work environment or culture
- ***On-Campus Events and University Alliances*** remain one of the most vital sourcing tools for CIB in recruiting fresh graduates. In 2015, the Recruitment and Selection department attended over 13 employment fairs and career events where more than 1,862 qualified candidates applied to work with CIB
- There was also an upgrade in all sourcing channels, online channels, and social media – as well as updates in headhunter lists



The Bank's renowned credit course began in the 1970s and was based on Chase Manhattan Bank's Credit Development program. CIB continues to finetune and upgrade course modules, as they play a significant role in developing the Bank's future leaders.

CIB CREDIT ANALYST COURSE
CIB's Credit Analyst Course is one of the oldest and best in Egypt, providing high-potential candidates with the theoretical and practical knowledge they need to make sound decisions based on clear and correct situational analyses in various industries and product circles. Graduates are allocated to different departments within the Bank.

Originally based on Chase Manhattan Bank's Credit Development program, the course was restructured in 2011 to include a practical application phase that begins upon the satisfactory completion of 15 technical modules that cover accounting, cash flow mechanics, industry analysis, financial analysis, lending rationales, projections and modeling, advanced accounting, and valuations, among others. The two phases of the course take place over the span of one year and play a key role in developing CIB's future leadership. Most of CIB's senior managers participated in this program, which has – throughout its history – seen around 700 analysts graduate with success.

RISK GROUP

The Risk Group (RG) provides independent risk oversight and supports the enterprise risk management (ERM) framework across the organization. RG proactively assists in recognizing potential adverse events and establishes appropriate risk responses essential for the building of competitive advantage, which reduces costs and losses associated with unexpected business disruptions. The Group works to identify, measure, monitor, control, and manage risk exposure against limits and tolerance levels and reports to senior management and the Board of Directors. The Group is managed by a Chief Risk Officer (CRO), whose responsibilities entail the day-to-day monitoring of the following key areas: credit, investment, market, operational, liquidity, interest rate, and social and environmental risks (referred to as Principal Risks), as well as the establishment of a holistic risk management coverage system by ensuring the following:

- Oversight of the enterprise risk management framework
- Implementing and adhering to consistent risk management standards
- Disseminating risk management culture awareness throughout the organization

Overview

2015 was yet another year of uncertain economic and geopolitical circumstances that saw CIB's prudent risk management framework aid in the containment of losses. The Bank continues to maintain its solid reputation as a market leader, serving clients efficiently and delivering strong results. Our robust framework provides assessments of Principal Risks. CIB operates through a comprehensive risk management framework that successfully provides organization-wide oversight that is in-line with our business strategy, ensuring the identification, measurement, and control of material risks at all levels. All elements of the framework are integrated to achieve an appropriate balance between risk and return.

Objectives

- Implement an enterprise risk management framework with the elements of risk strategy/risk appetite, process, infrastructure, and risk culture
- Maintain focus on Principle Risks
- Align our risk profile with the Bank's risk strategy and support the Bank's strategic initiatives, awarding special focus to balance sheet optimization
- Provide independent risk analysis via measurement and monitoring processes that are closely aligned with the business and support groups
- Work on raising efficiency to reduce expected losses, while maintaining adequate impairments coverage
- Initiate the process of embedding social and environmental risks as integral components of our risk review by developing Social Environment policies, processes, and procedures
- Support business growth while encouraging approval/delegation authorities to enhance turn-around time

Risk Management Framework

Enterprise Risk Management (ERM)

CIB's formalized ERM Framework operates with the objective of maintaining a holistic and forward-looking approach to Risk Management, coupled with a strong Risk Culture, a dynamic Risk Appetite process, and a robust IMMMR (Identification, Measuring, Managing, Monitoring, Reporting) initiative for Credit, Market, Operational, Liquidity, and other Principal Risks. ERM will establish the oversight, control, and discipline that can drive continuous improvements of CIB's risk management capabilities in a changing operating environment.

Governance

CIB's risk governance structure utilizes the Lines of Defense model, with a robust committee structure and a comprehensive set of policies and operating guidelines that are approved by the Board of Directors. The BoD, directly or in conjunction with Board Committees, provides oversight of approval processes, risk levels, as well as key performance and risk indicators.

The CRO and other risk officers, who are key members of all credit, consumer, business banking, security, asset and liability management, and operational risk committees are responsible for identification, assessment, and reporting of all types of risks across all business lines.

- ***The High Lending and Investment Committee (HLIC)***) is an Executive Committee composed of members of the Bank's senior management team. Its primary mandate is to manage the assets side of the balance sheet, keeping a close eye on asset allocation, quality, and development, while ensuring compliance with the Bank's credit policies and the CBE's directives and guidelines. The HLIC reviews and approves the Bank's credit facilities and equity investments, although there are other Credit Committees responsible for approving different exposures that carry lower limits, shorter tenors, and better Risk Ratings than those reviewed/approved by the HLIC.
- ***The Asset & Liability Committee (ALCO)***) is charged with optimizing the allocation of assets and liabilities, given expectations of the potential impact of future interest rate fluctuations, liquidity constraints, and foreign exchange exposures. ALCO monitors the Bank's liquidity and market risks, economic developments, market fluctuations, and risk profile to ensure ongoing activities are compatible with the risk/reward guidelines approved by the BoD.
- ***The Consumer Risk Committee's (CRC)*** overall responsibility entails managing, approving, and monitoring all matters related to the quality and growth of the consumer portfolio. CRC decisions are guided first and foremost by the Bank's current risk appetite, in addition to prevailing market trends, all the while ensuring compliance with the principles stipulated by the Consumer Credit Policy Guide, as approved by the BoD.

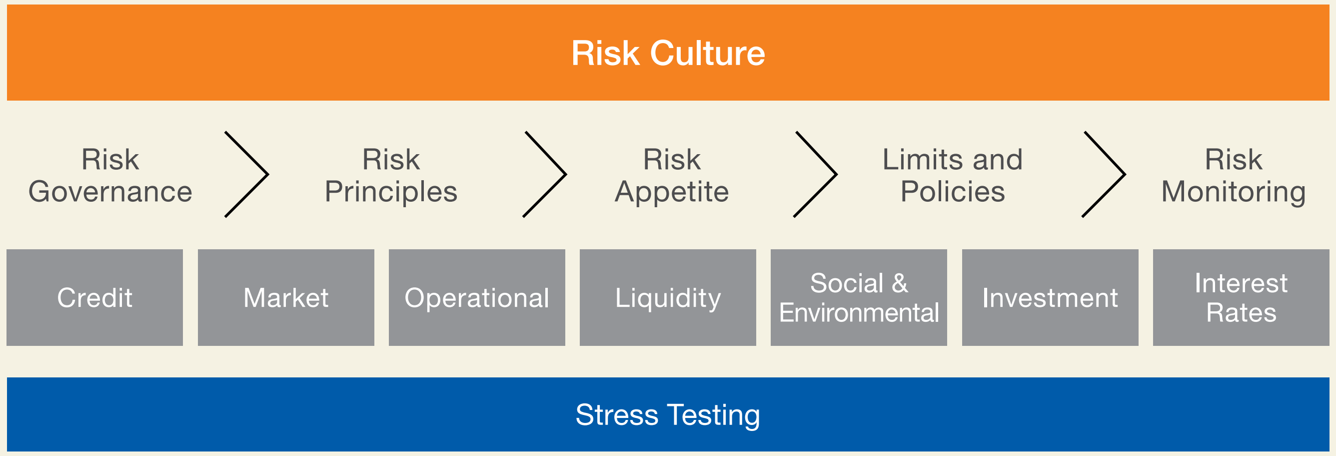
- ***The Senior Business Banking Committee's (SBBC)*** overall responsibility is managing, approving, and monitoring all things related to the quality and growth of the Business Banking Portfolio and approval processes. SBBC decisions are guided first and foremost by the Bank's current risk appetite, as well as prevailing market trends, while ensuring compliance with guidelines stipulated by the CBE and Business Banking Credit Policy Guide, as approved by the Board of Directors.
- ***The Security Committee's*** main objective is to provide guidance and advice that help maintain and improve all matters related to security, including information confidentiality, integrity, and availability, as well as physical security, Bank asset protection, and work place security among others.
- ***The Operational Risk Committee's (ORC)*** main objective is to oversee, approve, and monitor all affairs pertaining to the Bank's compliance with the operational risk framework and regulatory requirements.

Principles

CIB's take on risk is directed by the following principles:

- Business activities are conducted within established risk categories that are further cascaded down to limits
- Decision-making is based on a clear understanding of the given risk, which comes alongside robust analysis,and continuous maintenance of a defined risk appetite
- Proactively considering changing economic conditions in a holistic and forward-looking manner
- Recognizing social and environmental risks that may have a great impact on business performance

Summary of Risk Framework



Risk Appetite

CIB aligns Business Objectives with risk appetite and risk tolerance, quantifying that by capital adequacy, stable funding, and earnings volatility, as primary key risk indicators (KRIs) cascaded into risk tolerances by risk category and limits.

Risk appetite is the maximum level of risk that the Bank is prepared to accept in order to accomplish its business objectives and is annually reviewed and approved by the Board of Directors. CIB's risk appetite statement is defined in both qualitative and quantitative terms and is integrated into our strategic planning processes for each line of business. Our framework for risk appetite is guided by the following principles:

- Strong capital adequacy
- Sound management of liquidity and funding risks
- Stability of earnings

Integrating social and environmental risks into the main framework of our risk appetite assessment and review process will commence by mid-2016.

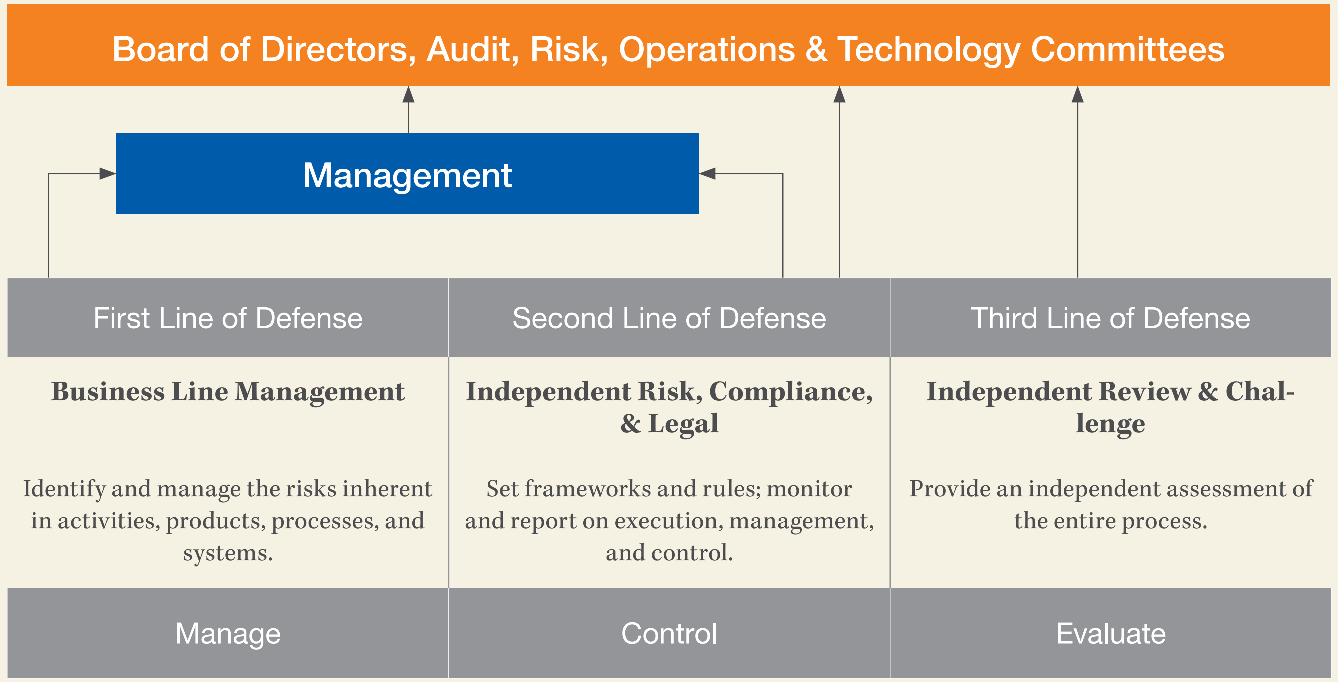
Limits and Policies

A robust system of risk limits and policies is fundamental to effective risk management and is guided by the risk appetite framework. CIB has a comprehensive set of risk management policies, processes, and procedures that are regularly updated and aligned with CBE regulations, the Bank's strategy framework and also market dynamic requirements. CIB policies and procedures are communicated throughout the organization and are used as a tool of control over the Bank's risks level and tolerance.

Monitoring

Enterprise-level risk monitoring, transparency, and reporting are crucial components of CIB's risk framework and operating culture, ensuring that the BoD, committees, and senior management are effectively executing their responsibilities. CIB has developed practices that are designed to monitor risk and ensure control measures are exercised.

Lines of Defense Model

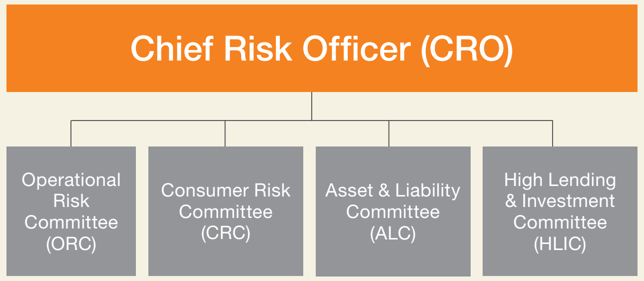


Culture

CIB's risk culture encourages effective communication among employees to facilitate alignment of business and risk strategies and promote an understanding of the prevailing risks throughout the organization. Integrity and reputation are embedded in CIB's culture, being key requirements for successful operation. CIB continues to add learning opportunities and expand risk training across its departments in order to raise risk and internal control awareness, and ensure the Bank's employees are well-equipped to make decisions in an ethical, professional, coordinated, and consistent manner.

Stress Testing

Stress testing is performed on a regular basis to assess the impact of a severe economic downturn on our risk



profile and financial position. The Bank's methodologies undergo regular scrutiny in order to assess the impact of different scenarios. CIB is working toward having an integrated stress-testing approach as a key component of the ERM framework.

Risk Organization

Under the Risk Group, risks are monitored by Credit and Investment Exposure Management, Credit and Investment Administration and Credit Information, Consumer and Business Banking Risk, and the Risk Management Groups. These groups actively examine and review exposure to ensure the diversification of the Bank's portfolio in terms of capital adequacy, customer base, geography, industry, tenor, currency, products, countries, risk rating, segments, etc.

Credit & Investment Exposure Management (CIEM)

CIEM's primary objective is to evaluate Institutional Banking's lending and investment portfolio, and use qualitative and quantitative analysis to maintain a quality portfolio, enhance the Bank's seniority, establish adequate protection and control, and develop a solid provisioning process that ensures adequate portfolio coverage.

CIEM Objectives

- Work closely with different departments and support groups across the organization to adequately monitor portfolios and operations and provide accurate risk analysis
- Raise competencies to reduce expected losses, while maintaining satisfactory impairments coverage
- Evaluate business decisions, adjusted for risk, in order to optimize capital utilization and return on shareholders' value, as well as social responsibility and sustainable business growth
- Improve overall institutional banking credit risk management

CIEM Principles

- Credit risk management is part of our daily business activities and strategic planning, awarding CIB an outstanding competitive advantage

- Decision making is based on a clear understanding of the given risk, accompanied by prudent analysis to be approved within the applied risk management framework
- Authorities are delegated in accordance with the overall Bank strategy and risk appetite
- Products and portfolios are structured, priced, approved, monitored, and managed in compliance with internal policies and external regulations and guidelines
- Business activities are conducted within established risk categories that are further cascaded down to limits, whether on obligor limitations, industry, country, counter-party limits, etc
- Periodic monitoring of outstanding exposure to ensure the quality of assets

Main Measures and Monitoring Tools

- ***Internal Credit Rating Assessment Model:*** CIEM developed a comprehensive internal rating tool for all corporate borrowers based on 60 quantitative and qualitative measures in order to ensure risk rating alignment across the board and adherence to international best practices.
- ***Risk Adjusted Return on Capital (RAROC):*** Various RAROC tools are used to complement credit assessments and quantitative analysis.
- ***Past Due Obligations:*** CIEM regularly measures exposures in terms of settling dues. Exposures are continuously monitored in order to detect problematic accounts and obligations are considered past due if an amount due for interest or principle is not paid on maturity.
- ***Stress Testing:*** is used by CIEM as an additional safety tool to measure and monitor potential risks that may arise and may not be captured in the regular analysis; tests involve setting several scenario assumptions for the relevant macro-economic and market variables to assess impact on borrowers.
- CIB is tailoring a sustainability framework to meet the long-term objective of ensuring that social and environmental risks are consistently reflected in Bank policies, processes, practices, and consciousness for durable growth and success, underpinning CIB's social and environmental risk management model, and providing directions for operational activities to achieve the Bank's ambitions.

	2013	2014	2015
Gross Loans (EGP Million)	45,549	53,718	62,947
NPL (%)	3.96%	4.66%	3.98%
General Ratio (Direct Exposure only)	3.72%	3.42%	5.11%
Coverage Ratio	158.82%	138.16%	188.36%
Charge-offs to Date (EGP Million)	2,155	2,182	2,747
Recoveries to Date (EGP Million)	454	464	473
Recoveries to Date/ Charge-offs to Date	21.07%	21.26%	17.21%

2015 was a distinctive year due to macro and industry-specific conditions, that included but were not limited to the appreciation and scarcity of foreign currency, coupled with shortages in energy and lower oil prices, which affected the performance of the Egyptian market. The high quality of CIB's portfolio allowed the Bank to maneuver its way safely through this difficult period. The Bank's performance is reflected in a default ratio of 3.98% as of December 2015 compared to 4.66% in December 2014, coupled with a Coverage Ratio of 188.36% in December 2015 compared to 138.16% in December 2014.

Credit & Investment Administration/Credit Information

The Credit and Investment Administration function ensures administrative control over institutional and investment exposures as well as compliance with both credit policy guidelines and CBE directives. The Credit and Investment Administration is the backbone of the Institutional Banking Group, as it maintains a quality control system that ensures CIB's seniority, protection, and control. The year 2015 witnessed the expansion of the department's role, where it became the central authority responsible for setting the credit limit of Institutional Banking on the system, in addition to becoming the custodian of documentation. This has enhanced the efficiency of the Bank's customer service quality, and improved our reporting, which facilitates effective decision making.

Consumer and Business Banking Risk

Consumer and Business Banking Risk is a centralized, independent department operating under the Risk Group, managing risk for all Consumer and Business Banking Asset Products and applying a diversified set of Risk methodologies and mitigation tools and strategies. The division's responsibilities include identifying, assessing, and monitoring risks as well as establishing standards for managing them.

The organizational structure is designed to facilitate the credit cycle and support the growth of the Consumer and Business Banking portfolios.

Consumer Banking

The Consumer Banking portfolio consists of a broad range of asset products, which include Personal Loans, Credit Cards, Auto Loans, Real Estate Finance Loans, and Overdrafts. Lending programs and decisions are guided through individual product programs that assess each product separately and incorporate detailed eligibility criteria, delegation authorities, and approved peak exposures that are aligned with current risk appetite.

The Consumer Credit Policy Guide (CCPG) sets lending boundaries and establishes robust boundaries to oversee ongoing policy management. It provides guidelines that aim to ensure prudent risk management and maintain high-quality loan portfolios, while keeping in mind the risk and reward equation. It also regulates the delegated approval authorities for new product launches, tests, and promotions, as well as transactional approvals.

The consumer cycle comprises five main elements, and the consumer risk structure and framework mirrors these stages, each of which is managed entirely by a specialized functional department:

- Product Planning, undertaken by the Credit Policy Department
- Centralized Credit Underwriting, undertaken by the Credit Assessment Department
- Account Maintenance Activities partially handled by the Credit Assessment and Fulfillment Unit
- Handling delinquent customers through the Collections and Recoveries Department
- The Strategic Analytics Department provides support for management in all stages, including information and analytics for decision making and credit actions

At the heart of the Credit Cycle is the Strategic Analytics Department playing a critical role in providing support for the management of each of the Credit Cycle stages, including initial information, analytics, decision making, and credit actions.

Enterprise Risk Management Award Ceremony, 2015.

Business Banking

The Business Banking Risk department has successfully partnered with the Business team to achieve portfolio growth while maintaining its solid quality. This is achieved through regular reviews, dynamic parameter changes to keep abreast of the market, and close monitoring and managing of high-risk segments. Continuous amendments are applied based on findings from portfolio reviews, including in-depth analysis, to ensure consistency in the performance of the Bank's portfolio. The Business Banking Risk department along with the Business team have been focused on identifying new segments and sub-segments as well as implementing a simple product program approach that addresses the needs of those segments, leveraging the "Factory Approach." This approach involves implementing a near straight-through processing mechanism that varies based on a set of standardized criteria, in addition to support packages and documentation that allow for a standardized evaluation and shorter turnaround time.

Portfolio Quality

Consumer and Business Banking portfolio quality has been sustained, ensuring advanced portfolio management techniques by monitoring all current and historical programs' performance. This helps in the identification of potential growth segments and the detection of early warning signs. The 2015 Consumer and Business Banking asset portfolio stands at EGP 12.5 billion, with an outstanding portfolio quality reflected in the loss rate of 0.5% in 2015.

Despite the aggressive growth of the unsecured lending strategy adopted by the Bank, KRIs and Loss Rates were maintained within Risk Appetite and Benchmarks. Loss Rates stood at 1.4% for 2015, while Non-Performing Loans (NPL) rates stood at 1.3%.

Our Strategy Going Forward

The strategy for Consumer and Business Banking Risk is aligned with the Business Strategy that targets aggressive asset growth and increase of unsecured businesses, while emphasizing Portfolio Quality, Risk-Based Pricing, and more effective use of RAROC going forward. The adopted strategic key risk initiatives are as follows:

- Portfolio Quality continues to be the primary objective, in addition to ensuring sustainable growth through predictive analytics and customer life-cycle management;
- Focus on scalable risk infrastructure to further enhance efficiency and maintain a world-class customer experience
- Collection infrastructure, efficiency, and continuous risk profiling through improved reach and enhanced collection strategies;
- Effective management of significant increase in acquisitions expected over the next five years by transitioning from criteria-based (product program approach) to scorecard-driven decisions, automated sophisticated decision engines, and loan origination systems which should improve productivity;
- Emphasizing people's development and empowerment, delegation, and accountability to address the Bank's future leadership needs;
- Automating the unsecured lending mechanism to accelerate end-to-end processes.

Risk Management Department

The Risk Management Department (RMD) identifies, measures, monitors, and controls asset and liability management (ALM) as well as market and operational risks via Bank policies, ensuring that regulatory and risk analytics requirements are adequately managed, and their status regularly reported to management and members of the BoD. In addition, a new ERM function was established in 2015.

Enterprise Risk Management

ERM is dedicated to leading the bank's overall enterprise risk management framework and monitoring infrastructure initiatives, with the objective of having a holistic, integrated, and forward looking view of risks, following best practices which was endorsed by the Board of Directors via the ERM road map. The initial foundation for the ERM road map is strong data governance and continuous enhancement of quantitative and qualitative framework of Principal Risks.

Liquidity Risk arises from the Bank's inability to meet financial obligations and regulatory liquidity requirements. CIB has a comprehensive Liquidity Policy and Contingency Funding Plan to manage liquidity risk, which factors in the Bank's risk profile, risk appetite, as well as market and macroeconomic conditions.

The main measures and monitoring tools used to assess the Bank's Liquidity Risk include regulatory and internal liquidity ratios, liquidity gaps, Basel III liquidity ratios, and funding base concentration.

CIB managed to maintain a strong liquidity ratio in 2015, as compared to the guidelines of both the CBE and Basel III (Liquidity Coverage and Net Stable Funding ratios). The CBE's liquidity ratios for both LCY & FCY were 67.25% and 41.49% respectively for the year, maintaining the Bank's strong position, even during volatile times. CIB has a robust Contingency Funding Plan (CFP) that supports diverse funding sources of liquid assets, maintaining an adequate liquidity buffer with minimal reliance on wholesale funding. 2015 saw an exceptional percentage of customer deposits to total funding base (a major component of CIB's Risk Appetite Statement) of 98.9%. Throughout the year, stress-testing scenarios (specific and systemic) showed that no immediate action was required in the CFP, which was further fortified by the existence of sufficient high-quality liquid assets (HQLA).

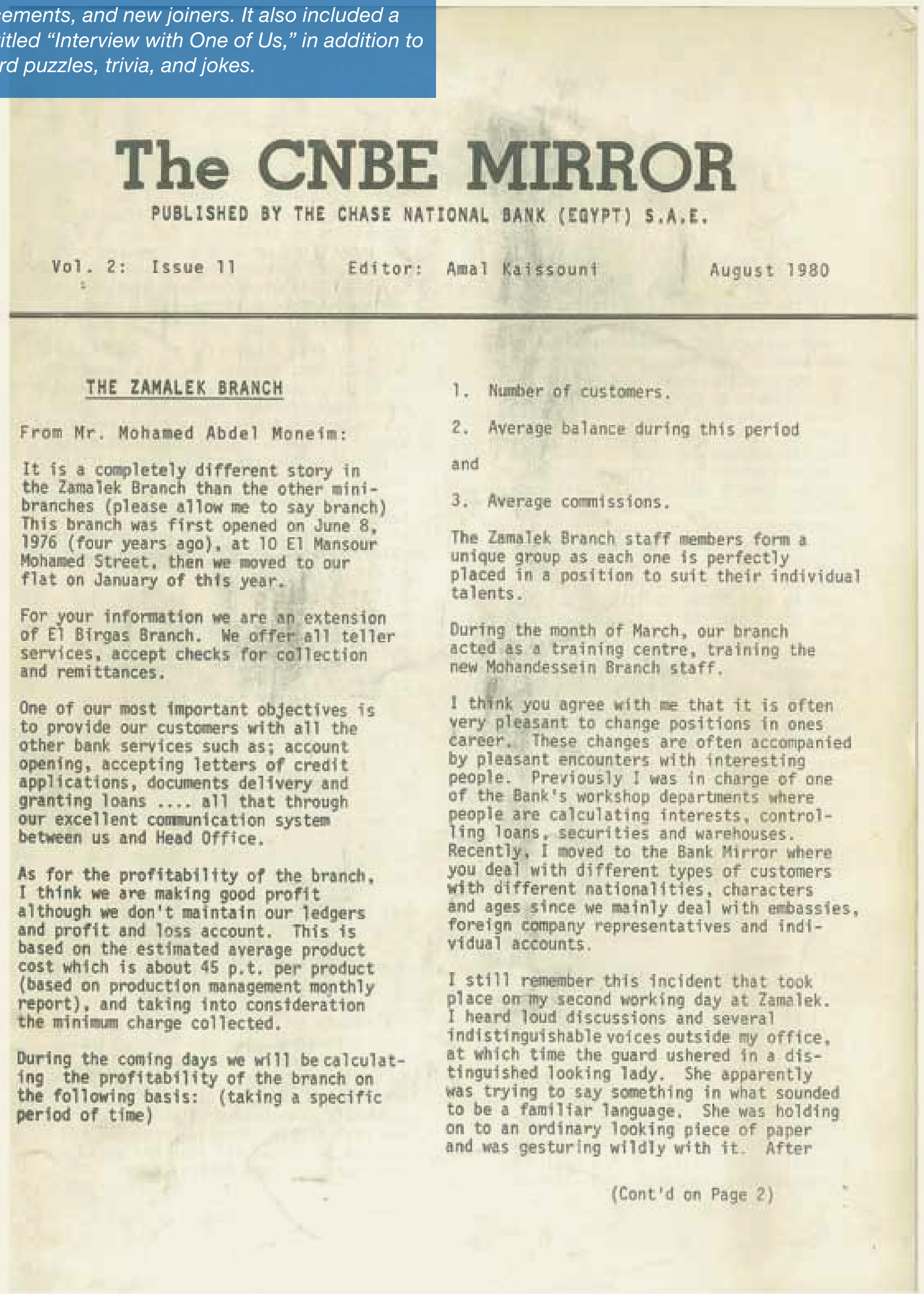
2015	Q1	Q2	Q3	Q4
Percentage of Deposit Base to Total Funding Base	98.3%	98.5%	98.5%	98.9%

Interest Rate risk is the potential loss resulting from the Bank's exposure to adverse movements in interest rates. Interest rate risk primarily arises from re-pricing maturity structures. In 2015, CIB used an effective risk management process that maintained interest rate risk within prudent levels that ensured the Bank remains on safe and stable ground. Additionally, CIB proactively positioned the balance sheet in a way that allows it to benefit from a volatile interest rate environment. The Bank uses complementary technical approaches to measure and control interest rate risk including Interest Rate Gaps, Duration, Duration of Equity (CBE parameters), and Earnings-at-Risk (EaR).

The Bank also has a comprehensive interest rate risk measurement framework that assesses the impact of interest rate changes in manners that are consistent with the scope of activities, evaluating interest rate risk from both the earnings and economic value perspectives.

Market risk is the risk of losses that may arise from adverse movements of market prices of trading positions, including interest rates, foreign exchange, and equity as well as the changes in the correlations and volatility levels between those risk factors. Market Risk Management (MRM) sets key limits to monitor and control market risk by considering both the Bank's risk appetite as well as the projected business plan.

The Chase National Bank staff newsletter in 1980. Produced on a typewriter, the newsletter communicated news about bank activities, branch announcements, and new joiners. It also included a section titled "Interview with One of Us," in addition to crossword puzzles, trivia, and jokes.



The CNBE MIRROR

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THE ZAMALEK BRANCH

From Mr. Mohamed Abdel Moneim:

It is a completely different story in the Zamalek Branch than the other mini-branches (please allow me to say branch) This branch was first opened on June 8, 1976 (four years ago), at 10 El Mansour Mohamed Street, then we moved to our flat on January of this year.

For your information we are an extension of El Birgas Branch. We offer all teller services, accept checks for collection and remittances.

One of our most important objectives is to provide our customers with all the other bank services such as; account opening, accepting letters of credit applications, documents delivery and granting loans .... all that through our excellent communication system between us and Head Office.

As for the profitability of the branch, I think we are making good profit although we don't maintain our ledgers and profit and loss account. This is based on the estimated average product cost which is about 45 p.t. per product (based on production management monthly report), and taking into consideration the minimum charge collected.

During the coming days we will be calculating the profitability of the branch on the following basis: (taking a specific period of time)

1. Number of customers.
2. Average balance during this period

and

3. Average commissions.

The Zamalek Branch staff members form a unique group as each one is perfectly placed in a position to suit their individual talents.

During the month of March, our branch acted as a training centre, training the new Mohandessein Branch staff.

I think you agree with me that it is often very pleasant to change positions in ones career. These changes are often accompanied by pleasant encounters with interesting people. Previously I was in charge of one of the Bank's workshop departments where people are calculating interests, controlling loans, securities and warehouses. Recently, I moved to the Bank Mirror where you deal with different types of customers with different nationalities, characters and ages since we mainly deal with embassies, foreign company representatives and individual accounts.

I still remember this incident that took place on my second working day at Zamalek. I heard loud discussions and several indistinguishable voices outside my office, at which time the guard ushered in a distinguished looking lady. She apparently was trying to say something in what sounded to be a familiar language. She was holding on to an ordinary looking piece of paper and was gesturing wildly with it. After

(Cont'd on Page 2)

Deposit Base Concentration - December 2015

Current Account	28.0%
Time Deposits	27.7%
Certificates of Deposits	24.1%
Saving Accounts	16.6%
Others	3.6%

These limits include position, stop-loss, and Value at Risk (VaR) limits. When limits are exceeded, MRM is responsible for identifying and escalating those cases instantly.

The Bank primarily uses the VaR technique to quantify the market risk. VaR is a probabilistic measure of the potential loss under normal market conditions, at a specific confidence level over a certain period of time. As the Bank's trading book portfolio includes linear level 1 assets, the Variance-Covariance approach is used to calculate VaR, using a 95% confidence level and a one-day holding period. VaR is calculated for the Bank's total trading book exposures as well as for each risk class, e.g. interest rate, equity, and foreign exchange.

Trading VaR for 2015 Figures in EGP million

95% 1-day	Minimum	Maximum	Average
Trading Book VaR	11.3	41.7	24.4

95% 1-day	Q1	Q2	Q3	Q4
Trading Book VaR	22.7	41.7	24.7	14.2

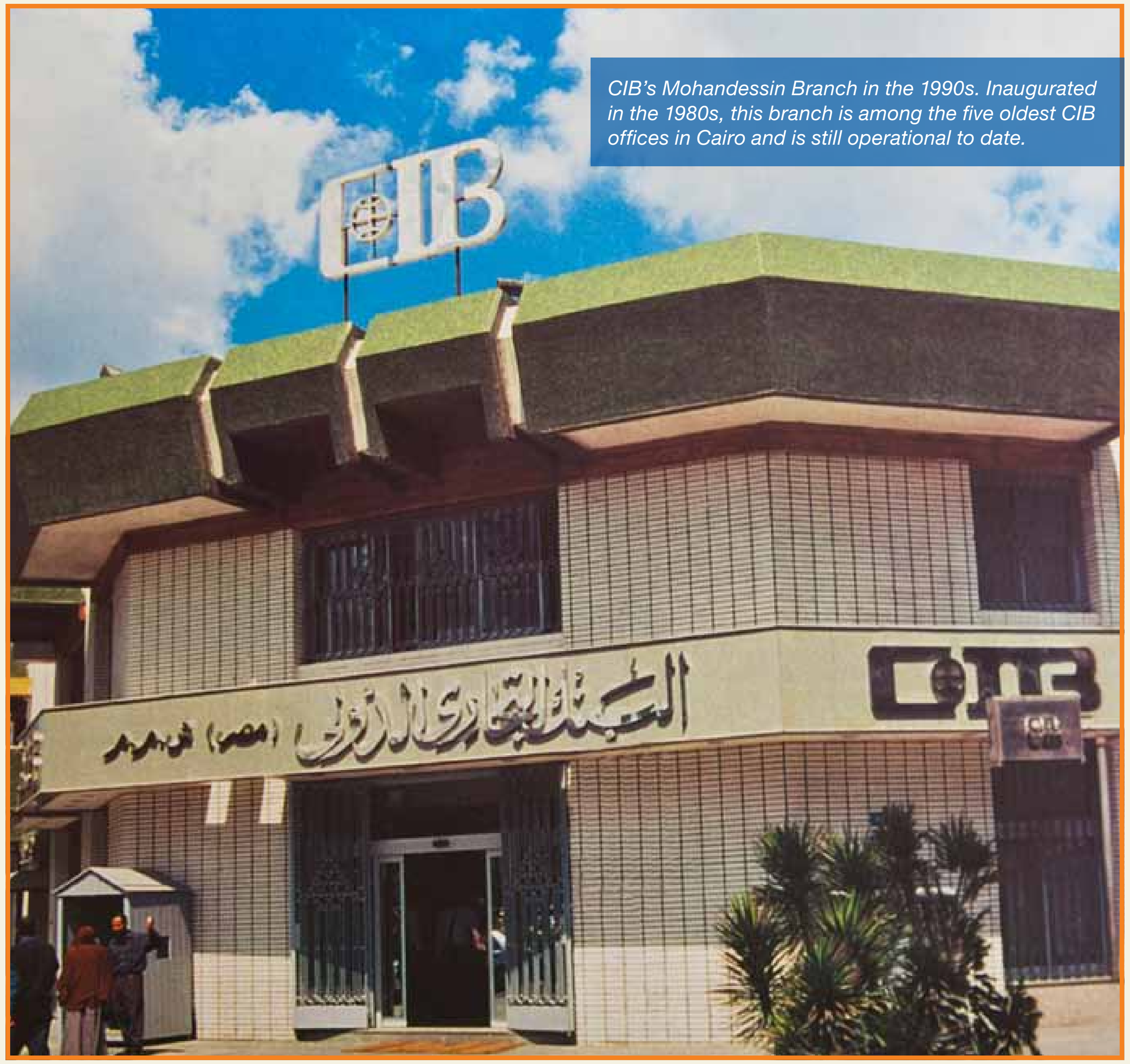
Regular back-testing of daily profit and loss against the estimated VaR is performed to validate the accuracy and integrity of the Bank's VaR model. In addition, the Bank estimates the Stressed Value at Risk (SVaR) on a daily basis. SVaR measures the potential loss under stressed market conditions. Stress-testing combined with VaR provides a more comprehensive view of market risk. SVaR is calculated using the maximum volatility levels witnessed during the observation period and is estimated by using a 95% confidence level with a one-day holding period. Regular stress-testing is also carried out using a combination of historical and hypothetical scenarios to monitor the Bank's vulnerability to extreme and unexpected shocks.

Operational Risk refers to potential losses that could result from inadequate or failed internal processes, people or systems, or due to external events. CIB maintains a comprehensive operational risk framework, which are policies and processes designed to provide a well-controlled environment. The framework uses the following approaches to measure and control operational risk:

- ***Loss Events Database:*** Which includes the Bank's operational risk events
- ***Risk and Control Self-Assessment (RCSA):*** Is the identification of operational risks and controls effectiveness of each unit and its related assessments using operational risk management (ORM) validation processes, risks categories, control assessments, and the implementation of action plans and processes and their related tracking and testing mechanisms. The outcome of the RCSA exercise is the risk heat map, which represents the residual risk assessment that evaluates the adequacy and effectiveness of the aforementioned controls;
- ***KRIs:*** Monitoring indicators and their results, and assisting the concerned parties with the issues and gaps identified;
- ***Procedures and Products Revision and Approval:*** Applies to the Bank's standard operating procedures, products, internal processes, and new business initiatives;
- ***Operational Risk Awareness Program:*** Regular training courses arranged to ensure the existence of a strong and aware risk culture;
- ***Operational Risk Champions Program:*** Staff responsible for identifying and monitoring operational risks in their respective departments.

2015 Accomplishments

- CIB won the "Achievement in Enterprise Risk Management" award in 2015 during the Asian Banker Risk Management Awards Program for the Middle East and Africa
- In terms of Risk Culture, 2015 saw us improve awareness via presentations for approximately 700 staff members, as well as online training programs for the entire organization, all held by the Risk Group
- Enhanced the monitoring of Basel III Ratios, remaining ahead of regulatory requirements
- Strengthened risk identification and stress-testing scenarios and improved models
- Built scalable risk infrastructure for enhancing efficiency and customer experience by initiating various process reengineering initiatives and improving turn-around time
- Became the first local bank to commence a Conduct Risk Framework
- Grew Unsecured Consumer Lending by EGP 1.3 billion (37%), driven by significant High Yield Parameter changes and new programs launched to support Unsecured Business growth while maintaining rigorous controls on portfolio quality
- Improved Consumer Banking bottom line through conducting comprehensive process reengineering workshops collaborating with the product development teams, resulting in significant improvements in asset products' approval rates
- Revamped the Business Banking Credit Policy Guide to cope with market changes and facilitate targeted growth in accordance with risk appetite
- Established social and environmental risks as an integral part of the risk review by initiating SEMS frameworks and processes
- Implemented a comprehensive internal rating tool for all corporate borrowers, in-line with international best practices, to ensure risk-rating alignment across the organization
- Centralized Institutional Banking limits setting and documentation controls



CIB's Mohandessin Branch in the 1990s. Inaugurated in the 1980s, this branch is among the five oldest CIB offices in Cairo and is still operational to date.

COMPLIANCE

The Compliance department continues to support CIB's business and operations in a fashion that enables the Bank to expand and grow. The primary goal of the department and its divisions is to ensure that the Bank adheres to set rules and regulations while reducing the risk of imposed fines.

The Compliance department has five divisions under its scope: Policies and Procedures, Corporate Governance and Code of Conduct, Anti-Money Laundering and Terrorism Financing (AML), the Foreign Account Tax Compliance Act (FATCA), and Central Bank Relationship. The latter saw a recent re-structuring that had it included under the umbrella of the Compliance department.

The Policies and Procedures division ensures that all controls, laws, and regulations are embedded in the applied policies and procedures, which are periodically reviewed to ensure that they are up to date.

In 2015, the division undertook several new preventative initiatives, such as the review of the user requirement documents (URD), which is considered the base for developing IT in-house applications to ensure their compliance to set policies, laws, and regulations.

The Corporate Governance and Code of Conduct division continued its crucial role in ensuring proper segregation of duties for all positions across the bank by reviewing updated job descriptions versus organization charts to ensure no conflicts of interest exist. Several e-learning training methods were developed in coordination with the L&D team to ensure complete staff awareness of the corporate code of conduct and prevailing compliance policies.

The Anti-Money Laundering and Terrorism Financing (AML) division is directly involved in monitoring transactions and customer account behavior as well as screening transactions against negative lists and those related to sanctioned countries to avoid the Bank's involvement and guard it against money laundering and terrorism-financing crimes.

In 2015, the division launched an in-house-developed, semi-automated AML system for transaction monitoring and screening.

To enhance the AML team, awareness of new international AML trends was achieved through attending international seminars and conferences in order to apply global standards and best practices. The division launched an e-learning training module for all bank staff in order to raise full awareness about regulations and procedures. The AML division developed an operation risk assessment to evaluate the exposure of operational risk in AML.

The FATCA (Foreign Account Tax Compliance Act) team successfully submitted its first report to the United States' IRS (Internal Revenue Service) in due time and is currently preparing for the next reporting cycle, planned for the end of March 2016, to cope with additional IRS tax requirements. The integration and consolidation of Citibank's retail customer portfolio should also be submitted to the IRS with the next CIB report.

As mentioned earlier, a re-structuring of the Compliance department took place during 2015 to include the Central Bank Relationship division, which was established in the beginning of 2010 to be the focal point of communication between the CBE and CIB's various departments, ensuring effective and timely communication, approvals, and clarifications.

Moreover, in 2015 the Conduct Risk Policy was developed in order to pursue customer interest and protection. The conduct risk culture framework will embed customer-focused staff behavior and adopt international practices of the Treating Customers Fairly principle (TCF).

Special focus was given to digital products during the year. The main goal was to support business growth through a healthy and tightly-managed monitoring mechanism.

All divisions were involved in the acquisition process of Citibank's retail portfolio. The Compliance group played a key role in reviewing all processes and policies to ensure a seamless blending process. Moreover, the Compliance group conducted several training courses for Citibank staff in order to acquaint our new colleagues with CIB's culture and code of conduct. More specifically, the group still offers on-the-job-training to staff members who joined the Compliance department.

By the end of 2015, the Group had worked with all relevant departments in the preparation process of the full CIB-Citibank systems integration, which should be final by the first half of 2016.

INTERNAL AUDIT

The Internal Audit Group's role is to objectively assess the adequacy and effectiveness of governance, risk management, and internal controls.

2015 is considered to be momentous in terms of our achievements. We became the first Internal Audit group in Egypt to comply with IIA standards and the IPPF (International Professional Practice Framework), according to the External Quality Assurance results announced by Ernst & Young.

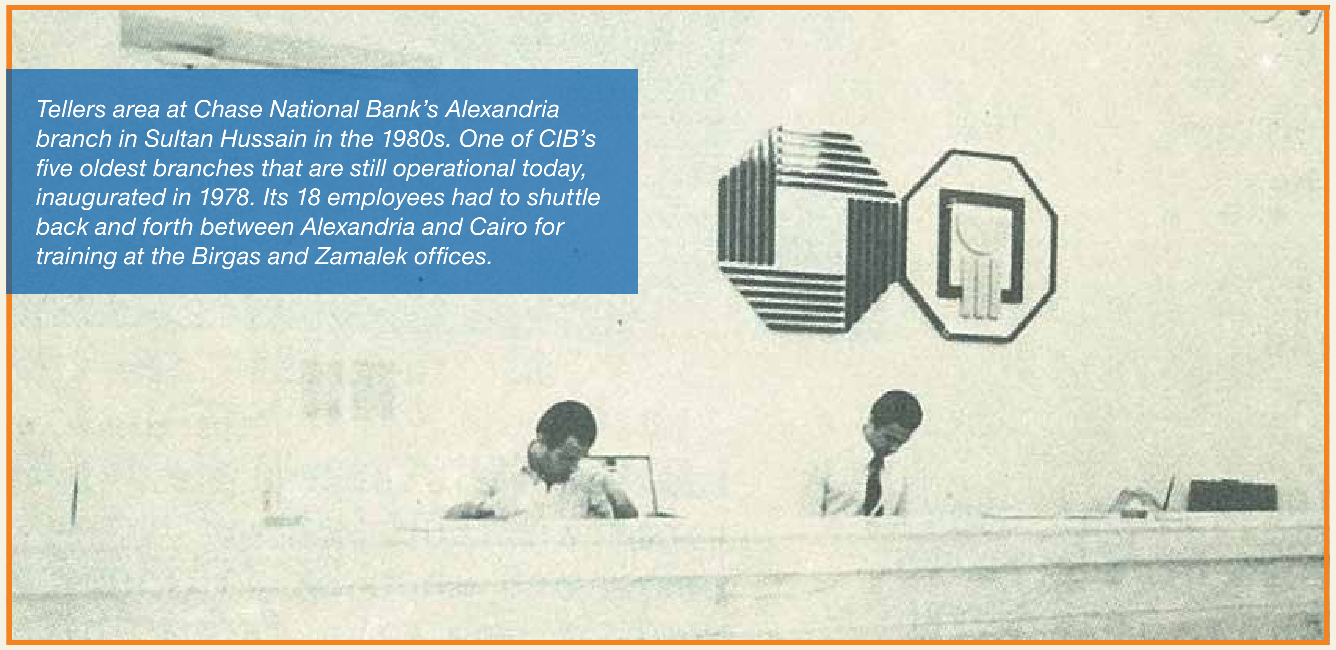
In addition to the above, and due to a gradual shift toward the Enterprise Risk Audit (ERA) model, Internal Audit – effectively as a business partner – acts as the Bank's third line of defense, fully collaborating with all other pillars of Risk Management, Business Lines, and Compliance.

The structure of Internal Audit allows the department to follow up on all unresolved issues that are reported by auditing teams during several audit engagements, by constantly monitoring necessary actions and accurately keeping track of milestones. These tasks are implemented by professional auditing teams that are assigned follow-up functions.

Meanwhile, a separate Quality Assurance team is mandated to review and check the working documents before audit reports are issued, in order to ensure that process is in complete compliance with IIA standards

The Internal Audit team, as a business partner, consumes about 15% of available man-hours/working days, offering consultancy services that reflect mutual trust and confidence between business owners, management, and the Internal Audit group.

Our achievements are supported and enhanced by the BoD and BoD Audit Committee. This encourages the Audit team to seek certifications and engage in continuous training while also exchanging expertise with other multinational financial institutions through annual IIA conferences. CIB's young internal auditors are privy to the opportunity of applying for certificates such as the CISA, CIA, CBA, and CPA, in addition to applying to universities to pursue MBA degrees.



Tellers area at Chase National Bank's Alexandria branch in Sultan Hussain in the 1980s. One of CIB's five oldest branches that are still operational today, inaugurated in 1978. Its 18 employees had to shuttle back and forth between Alexandria and Cairo for training at the Birgas and Zamalek offices.

STRATEGIC SUBSIDIARIES

CIB owns a number of strategic subsidiaries that allow it to offer a full range of financial services, including investment banking, asset management, brokerage, research, and factoring, as well as security services.

On the left, Chase National Bank's Mohandessin branch in the early 1980s; on the right, CIB's cargo airport branch in 2015.

CI CAPITAL HOLDING

CI Capital Holding ("CI Capital" or the "Group") is a leading Egyptian investment banking, securities, and investment management firm. The Group is a wholly-owned subsidiary of CIB, Egypt's largest private-sector commercial bank. Through its headquarters in Cairo and offices in New York and Dubai, CI Capital offers a wide range of financial services to a diversified client base that includes individual, high-net-worth (HNW) and institutional investors, and corporate clients. The Group offers its services across six business lines: Securities Brokerage, Equity Research, Asset Management, Investment Banking Advisory, Leasing, and Private Equity.

The Group's Investment Banking arm is the number-one-ranked advisor in Egypt, having successfully closed c. EGP 103 billion in transactions since inception, with more than EGP 69 billion having been executed since the beginning of 2013. The company advises on mergers and acquisitions, private and public equity and debt capital raising, and financial restructurings.

The Securities Brokerage arm is a market-leading brokerage house in Egypt, ranked number one on the Egyptian Exchange, with a market share of 20% of total trading as at end-2015. The firm's share among institutional investors is even higher at 35.6%. CI Capital's brokerage platform is complemented by an industry-leading research platform covering more than 75 companies across 11 sectors in seven markets, with a top-tier analyst team – ranked sixth in MENA Research by the 2015 Extel Survey, second in the MENA region, and first in Egypt.

The Asset Management division manages fixed income, money market, and equity products, with AUM in excess of EGP 9.9 billion. The division managed to position itself as an A-class asset manager across its different types of funds and portfolios. The division manages 10 diverse funds and provides portfolio management services to a wide client base, while also offering discretionary services to HNW individuals and institutional investors. Clients are provided with comprehensive personalized services tailored to their investment and reporting requirements. The Asset Management team has always been at the forefront of innovation, launching Egypt's first one-year, open-ended capital-protected fund, and first-ever sharia-compliant money market fund.

In December 2015, CI Capital acquired CIB's stake in Corplease, one of the leading financial leasing companies in Egypt. The collaboration between both companies bears a lot of potential and is expected to create operational and financial synergies that would enhance cross-selling opportunities and expedite future expansions.

CI Capital was recognized as the "Best Investment Bank in Egypt" by Global Finance in 2014 and 2015; by EMEA Finance in 2012, 2013, and 2014; and by International Finance Magazine in 2014.

2015 Review

Securities Brokerage

- CI Capital's brokerage arm staffs more than 200 employees, with an average 10 years of experience in MENA capital markets. In order to better compartmentalize tasks and protect the interest of each segment, CI Capital's Securities Brokerage arm is comprised of two companies: Dynamic Securities, which caters to local retail investors, and CIBC, which caters to foreign, local, and GCC-based institutions as well as HNW individuals across Egypt and the GCC;
- The synergies from its Research, Sales, and Trading teams allowed CIBC to continue to grow its overall market share and ranking on the EGX. A market share of 19.3% in 2015 placed the company in first place among competitive peers. The division also grew its market share of foreign participation exponentially this year with 2015's market share standing at 50.2%, up from 35% in 2014 and 17.6% in 2012. For the second consecutive year, CIBC was ranked the most preferred broker for foreign institutional investors;
- CI Capital Research is Egypt's leading research house, most recently, ranked sixth among regional firms, as per EMEA Extel's 2015 Institutional Investor vote, and came in first among local firms covering the MENA Region. The division has active coverage of 44 Egyptian companies across eight sectors, in addition to 31 regional companies across seven MENA markets: UAE, Saudi Arabia, Qatar, Oman, Kuwait, Jordan, and Morocco. Out of a team of 20, five analysts that cover telecoms, industrials, chemicals, consumer, and construction are ranked among the top 25 in the region according to EMEA Extel 2015;
- The firm successfully received approval from the UAE Securities and Commodities Authority during H1 2015 and is currently in the process of establishing on-the-ground presence in Dubai to branch-out its regional platform and grow its GCC client base further;
- A UAE-based office will also enable CI Capital to directly trade on the UAE equities market, complimented by a strong and growing MENA research product;
- In January 2015, former Egyptian prime minister Ibrahim Mahlab inaugurated CI Capital's investor conference in Cairo, which is the largest event of its kind. The conference successfully continued onto London and New York, where CI Capital has a FINRA-and SEC-regulated broker-dealer relationship. The event created a platform for over 80 local, regional, and foreign portfolio managers (with assets under management exceeding USD 3.5 trillion on a cumulative basis) to meet with senior management executives from 35 publicly listed Egyptian corporations;
- CI Capital also hosted the Second Annual Egypt Equities Conference in Cape Town in August 2015, after receiving excellent feedback from both investors and corporates alike;
- Finally, and as an extension to its track record of successful flagship conferences, CI Capital Brokerage hosted its Fourth Annual Egypt Investor Conference in January 2016 in both Cairo and New York. The conference hosted 38 of Egypt's publicly listed companies, creating a platform for one-on-one meetings between company executives and close to 100 foreign, local, and GCC investment institutions, as well as HNW individuals managing c. USD 5 trillion of GEM and frontier equities.

Asset Management

- The only asset manager who consistently ranks among the top quartile asset managers in all asset classes in the Egyptian capital market, outperforming both respective benchmarks and average returns of its market peers;
- Osoul Money Market Fund was the best-performing money market fund in the Egyptian market in 2015;
- Blom Money Market Fund was ranked first among all money market funds for five years running (2010-2014) and second year-to-date 2015;
- CIB Fixed Income Fund (Thabat) was ranked first among all fixed income funds for three years running (2013-15 YTD);
- Istethmar Equity Fund was ranked among Egypt's top quartile performers for two- and three-year returns by EIMA;
- Finalized the launch of CIB Balanced Fund in April 2015, an open-ended fund with a total size of EGP 104 million upon launch;
- Launched Arope Money Market Fund in January 2015, an open-ended fund with a total size of EGP 114 million upon launch;
- CIAM was awarded 2015's "Best Asset Manager in Egypt" by Global Investor for the sixth consecutive year, and was awarded four of eight awards it was nominated for from MENA Funds Managers. The awards were given for: Thabat (three years of best performance), Al Thabet (best performance), Osoul (best performance), and Arope (launching fund).

Investment Banking

- CI Capital Investment Banking acted as global coordinator and bookrunner on Orascom Hotels and Development's EGP 506 million public offering on the Egyptian Exchange. OHD is Egypt's leading developer of resort destinations, with a total land bank of 46 million sqm and c. 12,000 hotel rooms. The deal was the first public-market transaction of the year;
- CI Capital Investment Banking acted as joint bookrunner on the dual listing and EGP 1.41 billion public offering of Orascom Construction Limited (OCL). OCL is the first company to be dually listed on both Nasdaq Dubai and the Egyptian Exchange. The offering was well subscribed (>5x, excluding Sawiris family stake), having generated strong interest from international institutions and HNW investors;
- Acted as exclusive financial advisor in the sale of a 49.9% stake in Egyswiss Group to Dubai-based private equity firm Vis Mundi. EgySwiss Group is the market leader in high-quality processed meat, fish, and poultry in Egypt;
- CI Capital Investment Banking acted as the exclusive financial advisor and bookrunner to ASEC Cement on the placement of a EGP 686 million stake in Misr Cement Qena, a leading cement player in Egypt. The transaction was placed to a group of local and international institutional investors;
- The firm acted as financial advisor to Amer Group on its c. EGP 5.1 billion demerger, which successfully split the company into two independent listed entities: Amer Group and Porto Group. The transaction marks one of the first public market demergers in Egypt.
- Acted as the exclusive financial advisor to Legal and General (UK) and CIB on the EGP 763 million sale of a 100% stake in CIL to worldwide insurance leader AXA. CIL is one of the leading life and savings insurance companies in Egypt, with a market share of 15%. The deal was awarded "M&A Deal of the Month" by Finance Monthly Magazine in October 2015;
- CI Capital Investment Banking acted as the exclusive financial advisor to Qalaa Holdings on its EGP 1 billion sale of ASEC Minya Cement and ASEC Ready Mix to Misr Cement Qena;
- Acted as the exclusive financial advisor on CIB's acquisition of Citibank's retail operations in Egypt. Among the main attractions of the deal was Citi's high-quality portfolio and highly skilled staff.

cicapital.com.eg

EGYPT FACTORS

Profile

Egypt Factors (EGF) is a joint venture between CIB and the Malta-based FIMBank PLC. Each entity owns 40% of the joint venture, with the International Finance Corporation (IFC) – a member of the World Bank Group – holding the remaining 20%. EGF is the first non-banking financial institution in Egypt to purely specialize in factoring, and is the first registered company on the Egyptian Register for Factoring Companies.

Product Type

With a clear focus on non-traditional trade finance instruments, Egypt Factors is committed to supporting and promoting cross-border and domestic trade in Egypt. To that end, Egypt Factors provides a comprehensive package of receivable management services that consist of the following:

- ***Administration & Commercial Collection EGF*** undertakes all debtors' bookkeeping and collection measures, as well as monitors and follows up on all outstanding invoices. With the company's coverage extending to over 85 countries around the world, including Egypt, EGF is able to bridge differences in culture, language, market habits, and legal environments through a comprehensive network of more than 400 correspondents worldwide.
- ***Funding***
  EGF advances up to 90% of all covered receivables. This converts sales on credit terms into cash sales. As cash flows improve, client flexibility increases.
- ***Debt Protection***
  EGF guarantees 100% payment up to the limit established for each buyer, and settles covered undisputed receivables if not paid after a defined period from the due date. Buyers are under periodic evaluation to make sure that upcoming risks are recognized on time.

Target Market

The company targets producers/manufacturers, traders, and service providers who conduct transactions based on short-term deferred payments. EGF also offers services to domestic buyers from local or foreign sources, who benefit from an increased purchasing power without tying up banking facilities.

For large corporations, factoring is advantageous in that it provides value-added services and non-recourse funding to improve risk position, business efficiency, and financial ratios. Factoring is also considered highly beneficial to mid-cap companies and large corporations in terms of liquidity and growth.

2015 Accomplishments

Despite the turbulence that has rocked both the region in general and Egypt's economy over the past five years, along with the global economic unease, Egypt Factors has successfully maintained its market position.

According to Factors Chain International (FCI) statistics, EGF has, for the seventh consecutive year, achieved the highest volume of international trade handled through the FCI network among all Egyptian factoring companies and, for the first time since its inception, was ranked first in the MENA region and Africa, up from third in the preceding year.

Ongoing forward strategy

Egypt Factors has ambitious growth plans and aims to boost its growth pace while focusing on providing value-added services to its clients. In the long term, Egypt Factors aims to become the leading commercial finance hub in the MENA region.

This will be achieved by:

- Becoming a company that makes a difference with high-quality human capital along with fast and efficient business processes;
- Offering exceptional service quality that adheres to international standards;
- Providing services tailored to the needs of customers via innovative products and customized corporate solutions;
- Ensuring that our strategies are based on profitable growth, high service quality, employee satisfaction, as well as market-driven data, and that customer needs are effectively met, monitored, and improved;
- Stimulating the development of the transactions based on product for purchase of receivables;
- Pursuing new opportunities in export financing.

CIB's Sultan Hussain branch in the early 1990s. The building's beautiful exterior was matched with an equally impressive high-ceiling interior that housed crystal chandeliers, hand-woven carpets, and paintings by famous Egyptian artists.

COMMERCIAL INTERNATIONAL LIFE INSURANCE COMPANY (CIL)

Commercial International Life Insurance Company S.A.E.
شركة التجاري الدولي للتأمين على الحياة ش.م.م.

Commercial International Life Insurance Company (CIL) seeks to meet the savings and protection needs of individual and corporate customers in Egypt with insurance products that offer excellent value-for-money. CIL was a pioneer in introducing unit-linked products to the Egyptian market and remains one of the leaders in this segment today.

Leveraging on the combined strength of its two respected shareholders, UK's Legal & General and Egypt's Commercial International Bank (CIB), CIL delivers a successful bank assurance sales model. The company has risen to become one of the largest players in the Egyptian life insurance industry, winning the North Africa Insurer in the MENA Insurance Awards, Most Socially Responsible Company in Egypt by International Finance Magazine, and Best Life Insurance Company in Egypt by the same entity as well as Global Banking and Finance Review in 2015.

2015 Performance

Despite challenging conditions in the Egyptian market, CIL continued to successfully meet its annual targets thanks to positive enhancements in efficiency, productivity, and quality measures applied by CIL.

Currently, CIL provides insurance benefits for almost 100,000 individual clients and over 375,000 employees. CIL Insurance benefits vary from savings and protection packages catering to different life events, to more complex pension and life insurance benefits for employee's in coordination with their respective employers.

In addition to the above, CIL launched the first savings-based micro-insurance product in Egypt, "Geneh 3ala Geneh," distributed through two leading NGOs in Egypt. In only 18 months, over 8,000 members purchased insurance from this scheme.

Forward Strategy

Going forward, CIB and Legal & General jointly announced in July 2015 the sale of CIL to AXA. This decision was in line with CIB's organizational strategy in growing and moving forward toward open architecture through introducing world-class, need-based financial solutions with a wide range of customer benefits.

The transaction was concluded in November, and CIB has entered into a 10-year partnership deal with AXA to continue providing life and savings insurance services to the bank's customers, where AXA will benefit from a long-term exclusive distribution agreement with CIB in Egypt.

cileg.com || Hotline: 16245

CORPORATE LEASING COMPANY (EGYPT) SAE – CORPLEASE

CORPLEASE is the leading financial leasing company in Egypt, having been successfully operating in the domestic market since 2004. The company provides leasing products and services tailored to meet corporate capital expenditure needs for a wide variety of assets, which include commercial real estate, equipment financing, plant and machinery financing, transportation assets, systems & IT, office equipment, and fleet management. CORPLEASE has a strong nationwide presence through its offices in Cairo, Alexandria, and Suez. Furthermore, the company established CORPLEASE Emirates, its fully-owned regional subsidiary in the GCC, located at Dubai International Financial Center (DIFC). CORPLEASE Emirates offers lease-finance services in both local and foreign currency to the UAE business community.

CORPLEASE has leased over EGP 8 billion's worth of assets and is the first leasing company to perform securitization transactions in Egypt. Four securitizations have been issued, and the company has been awarded "Best Securitization Deal in EMEA" more than once.

Since its inception, CORPLEASE has adopted conservative credit underwriting and risk management principles that have resulted in a well-diversified and high-quality portfolio that continues to react well to changes in the business environment. CORPLEASE has a strong credit and risk culture that has allowed it to maintain a solid portfolio, with minimal delinquent accounts.

In 2015, CORPLEASE continued to strengthen its market position with a balanced and healthy portfolio, by placing significant emphasis on the soundness of each individual credit story and overall portfolio risk-diversification measures. Despite the challenging economic environment, CORPLEASE's financial performance during 2015 was strong, seeing the company increasing its lease booking volumes by 45% compared to 2014. The company continues to enjoy a strong financial position with favorable coverage, liquidity, capitalization, and funding ratios, making it well-positioned for future growth.

During 2015, CORPLEASE signed a line of credit with PROPARCO, a subsidiary of the French Development Agency. According to an official joint statement from both companies, the deal will help diversify PROPARCO's leasing portfolio, as well as aid in restoring investors' confidence in Egypt and improve its economic environment.

CORPLEASE seeks to boost economic development while also maintaining its progressive growth rate, by providing lease financing to SMEs and large enterprises in the most efficient manner to consistently deliver world-class financial products and services that meet the needs of its diversified regional client base across the board. Building upon its track record in the financial services sector, CORPLEASE will continue to innovate and extend its market leadership across all its lines of business. The company's systems and procedures are designed to place its clients at the heart of its business. Through investment in its human resources, CORPLEASE professionally and efficiently implements the best practices and solutions in the leasing market.

In December 2015, CI Capital Holding acquired CIB's stake in CORPLEASE. The collaboration between CI Capital and CORPLEASE bears much potential for both entities.

FALCON GROUP

Falcon Group is an Egyptian joint venture between CIB, the CIB Employees Fund, Al-Ahly for Marketing, and other private entities. CIB owns 40% of the Group, while other shareholders own the remainder.

Falcon Group offers a full suite of Security Services, such as private security, premises protection, Cash-in-Transit (CIT), Electronic Security System Solutions, General and Facility Management Services, and Touristic and Governmental Concierge Services. The Group has been the main security service provider for a number of top-tier governmental and non-governmental organizations, such as the United Nations and a number of embassies in Egypt. Falcon Group operates in over 1,500 locations across Egypt, covering all segments of the market. Its branch networks in the country are controlled by a Central Operations Room that works 24 hours a day, seven days a week.

In addition to being ISO 9001 and 9002 certified, the Group also received the "Knight Award" from the ISO association in the UAE in 2013.

Achievements and Accomplishments in 2015:

Over the last five years, and thanks to a number of high-profile jobs and many near-impossible missions, Falcon became a market leader in security services provision and Cash-in-Transit field. The Group's work was critical in strengthening Falcon Tech's market position, which has now successfully become the sole agency of choice for key players in the Security and Electronic Solutions field worldwide, such as CEIA, IndigoVision, Fine, Tiso, Gate Keeper, Gilardoni, Roboscan, Modi, and Forteza.

In 2015, Falcon's consolidated revenues climbed to EGP 294 million, showing a growth rate of 25% over 2014. As of December 2015, the Group had realized an average increase on assets of more than 45%.

The year saw Falcon's security services being called on for many important events, including the Egyptian Economic Development Conference (EEDC) in Sharm El-Sheikh, the Economic Conference in Marsa Matrouh, and the ICAO Conference. Falcon Tech also successfully won a number of important tenders in 2015 from the Ministry of Interior, the National Security office, Al-Ahly Football Club, and the Civil Protection Authority.

In Cash-in-Transit, Falcon grew its market share in 2015 by inking two new contracts with the National Bank of Egypt and the Banque du Caire. Additionally, Falcon increased the size of its armored vehicles fleet to 128 from 113, with transferred cash for 2015 standing at EGP 200 billion.

In the Security Services domain, Falcon played a pivotal and successful role in the protection of Egyptian universities for the second year in a row, while the Close Protection sector realized EGP 12 million in total revenues for the year.

Falcon for Public Services and Project Management now holds a market share of 17%, servicing its wide client base out of 282 different locations across Egypt. New clients this year include Mall of Arabia and Lulu Hyper Market.

Forward-Looking Strategy:

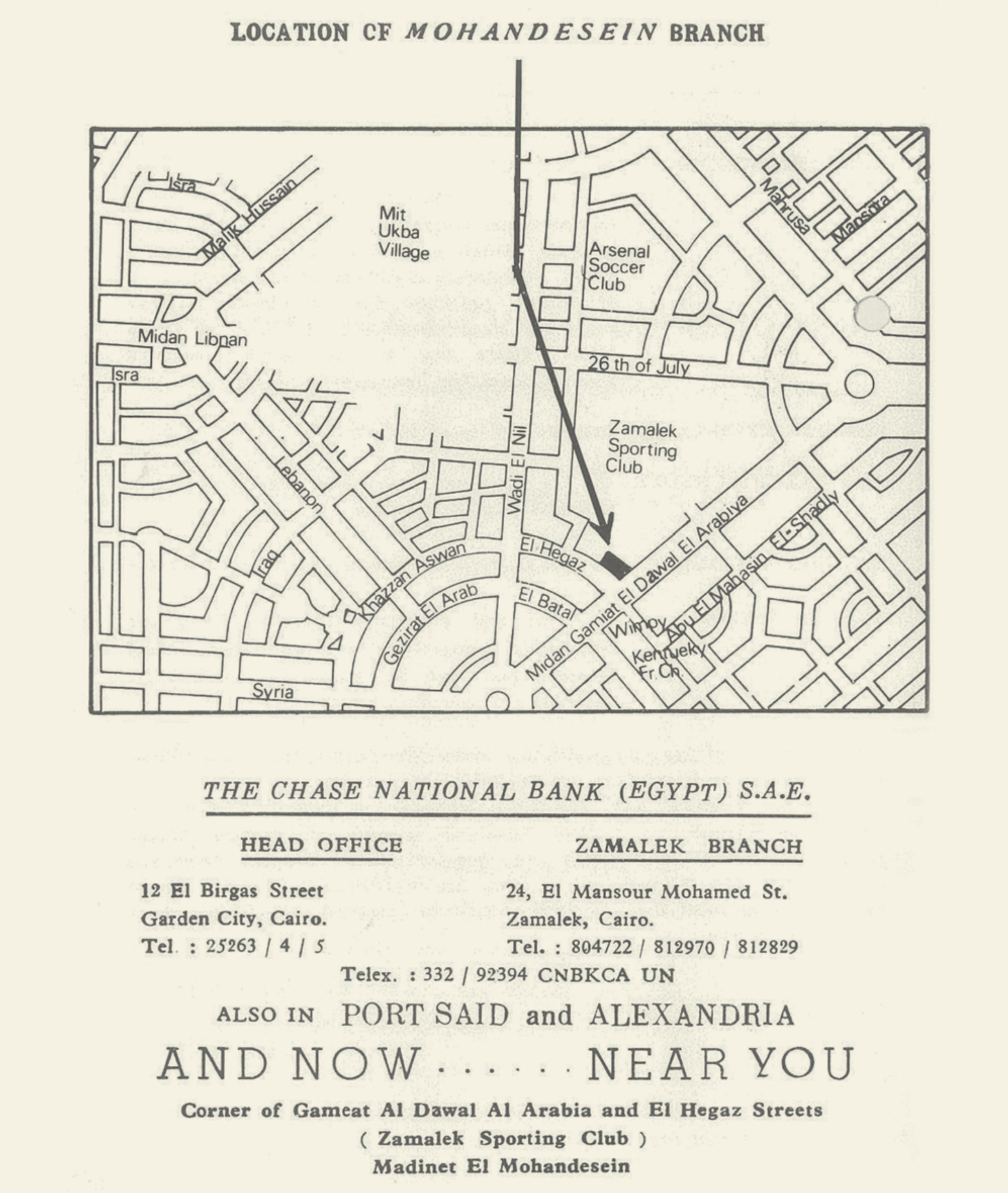
Plans are still underway for Falcon to launch a Certified Security Training Academy that can reinforce our security base in Egypt and develop a market culture that follows the Ministry of Interior's guidelines and rules.

Falcon for Cash-in-Transit will implement new operation cycles over the coming three years that aim to reduce both risks and costs, in addition to increasing the efficiency of services offered.

To read more about Falcon Group, its projects, and how to hire us, please visit
www.falcongroupinternational.org
Hotline: 19561

To meet with one of our representatives, please visit our corporate office.
Address: Building 417, Road 90, Fifth Settlement (Next to Future University)
Cairo, Egypt

Flyer announcing the inauguration of and services offered at Chase National Bank's fifth branch in Mohandessin in the 1980s.



SUSTAINABILITY

PRIDE EGYPT

Special Achievement Award

This certificate is awarded to

COMMERCIAL INTERNATIONAL BANK

in recognition of its outstanding contribution to drug prevention education in Egypt through sponsorship of anti-drug messages in advertising campaigns in 1991

Awarded in Cairo on June 3, 1991

Director

American Cultural Center

COMMERCIAL INTERNATIONAL BANK - CIB

El Teseen Branch - New Cairo

HAS SUCCESSFULLY ACHIEVED THE FOLLOWING LEVEL OF CERTIFICATION OF

THE EGYPTIAN GREEN PYRAMID RATING SYSTEM "GPRS"

VERIFIED BY THE HOUSING & BUILDING NATIONAL RESEARCH CENTER - HBRC

GPRS FOR EXISTING BANKS

GOLD

MAY /2015

Prof. Khalid El-Zahaby

Chairman of HBRC

Head of GPRS Steering Committee

Green Pyramid Rating System

GOLD

Sustainable growth and development have, for long, been part and parcel of CIB's philosophy and overall strategy. The Bank's commitment to the core values and concrete principles of corporate governance, community development, and environmental protection is what distinguishes CIB from its peers and highlights its position as a pioneer of the Egyptian banking industry.

On the left, CIB's award for its anti-drug campaign in the early 1990s; on the right, CIB's GPRS certificate, in recognition of the Bank's efforts to establish eco-friendly buildings. CIB was the first Egyptian bank to ever receive the GPRS certificate.

CORPORATE GOVERNANCE

We at CIB strongly believe that the concrete principles of corporate governance are a crucial factor not only in gaining investors' valued trust, but also in sustaining it. Based on this belief, our Bank has, for years now, consistently followed numerous codes and values derived from the core of corporate governance. In fact, CIB laid out the foundations of good governance many years ago, and those have come to form the framework around which our five-year plan revolves.

Striving for the best interests of our shareholders guides everything we do at CIB, and we have therefore established a sound reporting system that ensures the dissemination of material information in a timely, transparent, and accurate manner. The Bank continues to uphold its mandate of creating value for its shareholders, something we are firmly committed to in the present and in the future.

We take pride in our strong corporate governance structures, which include an experienced team of senior management professionals, competent board committees, as well as a distinguished group of non-executive directors, who believe that the mandated laws and rules that govern business activities can never substitute ethical behavior and voluntary compliance.

CIB's highly qualified Board of Directors (BoD) is supported by internal and external auditors, as well as other internal control functions (Risk, Compliance, and Internal Audit), and effectively utilizes the work carried out by those functions to ensure the Bank's adherence to international best practices of corporate governance. CIB also changes auditors every five years to ensure objectivity and exposure to new practices.

The Board of Directors

A successful BoD is one that ensures that the organization is run effectively by the correct people today, and that tomorrow's generation is competent enough and ready to take the lead. CIB is privileged to have its renowned BoD, the Bank's ultimate decision-making body. We consider our Board one of our key assets and a vital point of strength, and the Board realizes that the responsibility of addressing any stakeholder's concern bears benefits to the whole organization.

The Board primarily focuses on long-term financial returns and the best interest of all stakeholders, whether they are customers, shareholders, or employees, or members of the communities in which the Bank operates. The Board's role is to set the Bank's values, strategy, and key policies, as well as pursue and maintain its long-term success. CIB's Board has successfully performed its duties with entrepreneurial leadership, sound strategies, and risk management oversight to ensure that risks are assessed and properly managed.

CIB's Board is composed of eight members, with a diverse knowledgebase and a balanced skill set that gives the Bank a distinct competitive edge. The directors meet at least six times per year for discussions on matters that are important to shareholders. Over the course of 2015, CIB's BoD met nine times. Being the single largest shareholder in CIB, Fairfax Financial Holding Ltd, through its wholly-owned number of subsidiaries currently holds 6.7% of CIB's local shares on the back of its transaction with Actis in May 2014 and has one representative on the Board.

Mr. Hisham Ezz Al-Arab

Chairman and Managing Director

Mr. Hisham Ezz Al-Arab has led CIB since 2002 as Chairman and Managing Director. Under his leadership, CIB expanded its leading position, grew its market capitalization from USD 200 million to USD 4 billion, and developed from a wholesale lender into the full-fledged financial institution it is today. His vision transcended financial performance to include the adoption of best practices in corporate governance, risk management, and building a modern banking culture. With these efforts, CIB's stock is now viewed by the international investment community as a proxy stock for Egypt and the benchmark for its banking industry.

More to the point, Mr. Ezz Al-Arab received the EMEA Finance African Banking Award "Best CEO in Egypt and Africa Region" for the year 2014 in recognition of the distinguished success of CIB in the banking sector under his leadership.

Mr. Ezz Al-Arab is the Chairman of the Board of Trustees of the CIB Foundation. He has also been a Director at MasterCard Middle East and Africa's Regional Advisory Board since June 2007, in addition to being a principal member of the American Chamber of Commerce. For his distinguished work, he was elected as a member of the Board of Trustees for the American University in Cairo (AUC) in November 2012. In March 2013, Mr. Ezz Al-Arab was also elected as Chairman of the Federation of Egyptian Banks. In February 2014, he became a member of the Institute of International Finance Emerging Markets Advisory Council – EMAC.

Prior to joining CIB, Mr. Ezz Al-Arab led a reputable banking career as Managing Director of international investment banks in London (Deutsche Bank, JP Morgan and Merrill Lynch), Bahrain, New York, and Cairo.

Mr. Jawaid Mirza

Non-Executive Board Member

Mr. Jawaid Mirza has solid record of accomplishments in all facets of financial, technology, and risk and operations management. Before joining CIB's Board as a non-executive member in May 2013, Mr. Mirza had a long successful journey with CIB in which he had blended in its culture, started in 2008, serving as the COO, a post he has held for two years. In 2010, Mr. Mirza's experience was further benefiting the Bank as he was assigned the responsibility of Senior Advisor to the Chairman as well as the Board of Directors.

Mr. Mirza brings with him over 30 years of diversified experience, working with global institutions like Citicorp and ABN AMRO Bank. He started his career in Citibank as a Financial Controller in Pakistan, subsequently serving in various senior regional positions in ABN-AMRO in Central Eastern Europe, European Region, Central Asia, Middle East, and Africa. He later moved to Hong Kong as Corporate Executive Vice President and CFO, responsible for the Asian region and Australia/New Zealand. He has led successful due diligences for acquiring banks in Hungary, Taiwan, Thailand, Germany, France, and Pakistan.

Mr. Mirza is a successful leader with demonstrated abilities in directing operations and staff, managing financial performance, and streamlining system across the board to deliver cost savings, enhance efficiency, and improve bottom-line profitability. His core competencies extend to strategic business planning, performance management, operation risk management, offshore and shared services, audit, compliance and central controls, change management, operation efficiency, M&A, due diligence, and IT services and operations.

Mr. Mirza was a member of the Top Executive Group of ABN AMRO bank, bestowed to only 120 out of 160,000 members of staff and was also a member of the ABN AMRO Group Finance Board as well as the Group COO Board, and also served in Board of Directors at ABN AMRO Pakistan Ltd. He has attended various business management courses at reputable institutions including the Queens Business School and the Wharton Business School.

Dr. Nadia Makram Ebeid

Non-Executive Board Member

Dr. Nadia Makram Ebeid is the Executive Director of the Centre for Environment and Development for the Arab Region and Europe (CEDARE), an international diplomatic position that she has held since January 2004. She joined CIB's Board of Directors in March 2005, and also acts as a member of the CIB Foundation's Board of Trustees.

For a period of five years beginning in 1997, Dr. Ebeid served as Egypt's first Minister of Environment, becoming the first woman to assume this position in the Arab world. One of her most notable achievements was declaring the River Nile free from polluted industrial wastewater discharge. Proudly, Dr. Ebeid is the Chairperson of CIB's Sustainability Advisory Board as well as the Governance and Compensation Committee.

Early in her career, Dr. Ebeid held several managerial posts with the United Nations Development Program (UNDP), the United Nations Food and Agriculture Organization's regional office for the Near East, and the Council for Environment and Development Research. In recognition of her role in environmental policy and advocacy, Dr. Ebeid has been the recipient of numerous awards and distinctions from local and international NGOs, and leading institutions and associations.

Dr. Medhat Hassanein

Non-Executive Board Member

Dr. Medhat Hassanein, Egypt's former Minister of Finance (1999-2004), is a professor of banking and finance at the management department of the American University in Cairo's School of Business, Economics, and Communication. He joined CIB's Board of Directors in 2009 and also acts as the Chairperson of the Board Audit Committee.

Dr. Hassanein is a senior policy analyst with years of experience in institutional building, macro-policy analysis, financial economics, corporate finance, and international financial management. He has previously served as advisor to government, high-level advisory bodies, and the donor community. During his term as Minister of Finance, he developed and instituted the second generation of fiscal public policy reforms for the government of Egypt.

Dr. Hassanein has also served as Chairman and board member of public holding companies, private corporations, and many reputable banks in Egypt, last of which was HSBC Egypt (2004-09) where he chaired its Audit Committee.

Dr. Hassanein obtained his B.A. in Economics from Cairo University (with Honors), an MBA from New York University (with Distinction), and a PhD from Wharton School of Business, University of Pennsylvania in the United States.

Mr. Yasser Hashem

Non-Executive Board Member

Mr. Hashem began his career as a Partner at Zaki Hashem and Partners after his graduation from Cairo University's Faculty of Law in 1989. He joined CIB's Board of Directors in 2013.

In 1996, he became a Managing Partner at Zaki Hashem and Partners, responsible for managing the firm's day-to-day business. He represented major clients and international law firms. Mr. Hashem is specialized in the corporate field, capital markets, mergers and acquisitions, and telecom laws. Mr. Hashem has participated in a number of restructurings and incorporations of foreign and domestic companies, in addition to providing advisory services to many local and foreign investors on Egyptian business practises.

Mr. Hashem handled all IPOs that took place during the past nine years in Egypt, as well as represented acquirers in major M&A transactions and tender offers. Moreover, he has participated in drafting and negotiating all major telecom licenses (public payphones, mobiles, private data networks, marine cables, satellite, etc...) since the inception of private provision of telecom services in Egypt.

Mr. Hashem was admitted to the Egyptian Bar Association in 1989, as well as the Supreme Court of Egypt in 2007. He is also a member of the Egyptian Society of International Law and the Licensing Executive Society (LES), and an Honorary Counsel to the British Ambassador in Egypt.

Dr. Sherif H Kamel

Non-Executive Board Member

Dr. Sherif Kamel is the Vice President for Information Management, and was a former and founding dean of the American University in Cairo's (AUC) School of Business (2009-2014). He joined CIB's Board of Directors in 2013.

Dr. Kamel was associate dean for executive education (2008-2009) and director of the management center (2002-2008) at the American University. Before joining AUC, he was director of the Regional IT Institute (1992-2001) and managed the training department of the Cabinet of Egypt's Information and Decision Support Center (1989-1992). His experience focuses on investing in human capital, and building and managing executive development institutions addressing IT, management, governance, entrepreneurial, and leadership issues.

Dr. Kamel is the Executive Vice-President of the American Chamber of Commerce in Egypt and board member of the Egyptian American Enterprise Fund. He is a member of the Egypt-US Business Council, the World Bank Knowledge Advisory Commission, a founding member of the Internet Society of Egypt, and a member of the Egyptian Council for Foreign Affairs. He is also an Eisenhower Fellow (2005).

Dr. Kamel holds a PhD in Information Systems from London School of Economics and Political Science (1994), and an MBA (1990) and MA in Islamic Art and Architecture (2013) from the AUC. His research and teaching interests include IT proliferation in developing nations, IT management, electronic business, and decision support systems.

Kamel received a number of organizational leadership awards for serving the IT community from the Cabinet of Egypt (2011), BITWorld, Mexico (2000) and IRMA, USA (1999). He also received AUC Distinguished Alumni Faculty Service Award (2014), the UNDP National Human Resource Development Award (2014), the School of Business Leadership Award (2013), the AUC President's Catalyst of Change Award for Citizenship and Service (2013), and the AUC School of Business, Economics, and Communication Excellence in Research Award (2005).

Mr. Mark Richards

Non-Executive Board Member

Mr. Richards is the Head of Financial Services of Actis, one of the world's leading emerging market private equity groups. He joined CIB's Board of Directors in 2014 and acts also as the Chairperson of the Board Risk Committee. Mr. Richards has 26 years of banking and financial services experience, having worked in the UK, Africa, and Asia. His global responsibility extends to making and leading investments in fast growth financial services groups where Actis manages USD 6 billion, and in ensuring good governance.

Prior to joining Actis, Mr. Richards spent 18 years in Barclays in various positions as Director of Group Corporate Development and Group Strategy, Chief Financial Officer, and Head of Strategy, Planning, and Corporate Development.

Moreover, Mr. Richards is a member of World Economic Forum's expert panel on SME development, and a regular contributor to financial press including FT, The Banker, and Business Day South Africa, as well as being a judge for The Banker magazine annual awards.

Mr. Bijan Khosrowshahi

Non-Executive Board Member

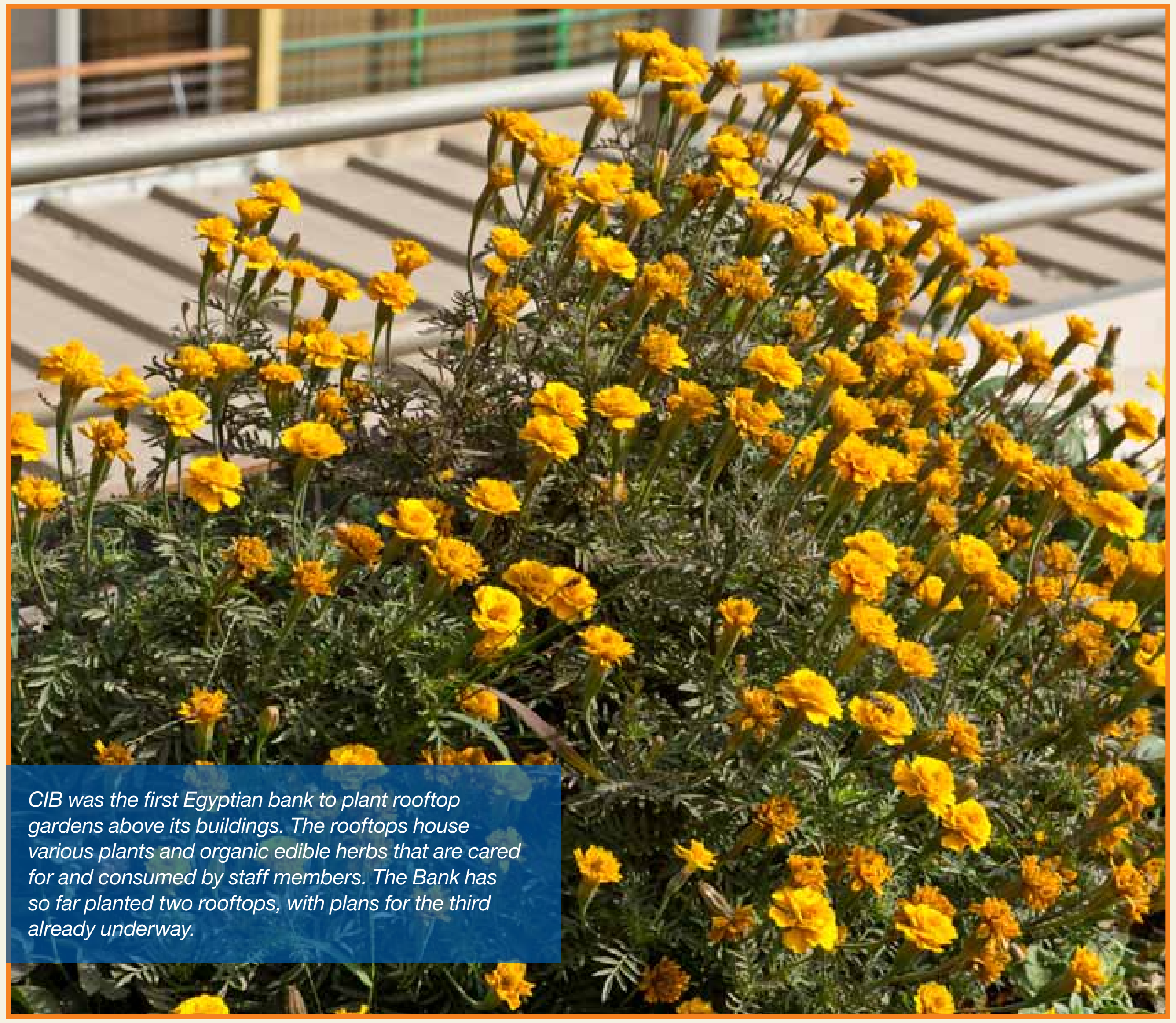
Mr. Bijan Khosrowshahi joined Fairfax Financial Holdings Ltd. in June 2009. He joined CIB's Board of Directors in October 2014. Fairfax is a financial services holding company that, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and investment management and is listed on Toronto stock exchange.

Mr. Khosrowshahi also represents Fairfax's interest as a board member in Gulf Insurance Group in Kuwait, Bahrain Kuwait Insurance Company in Bahrain, Arab Misr Insurance Company in Egypt, Arab Orient Insurance Company, as well as the Jordan Kuwait Bank in Jordan and Alliance Insurance Company in United Arab Emirates.

Prior to joining Fairfax, Mr. Khosrowshahi was the President and CEO of the Japan-based Fuji Fire and Marine Insurance Company Limited. Between 2001 and 2004, he was the President of AIG's General Insurance operations based in Seoul, Korea. From 1997 to 2001, he was the Vice Chairman and Managing Director of the Istanbul-based AIG Sigorta. He has held various underwriting and management positions with increasing responsibilities at AIG's headquarters in New York since joining AIG in 1986.

Mr. Khosrowshahi obtained an MBA in 1986, following an undergraduate degree in Mechanical Engineering in 1983 from Drexel University. He participated in the Executive Development Program at the University of Pennsylvania's Wharton School of Business in 2003, and is a regular lecturer at universities and insurance institutes.

He has served on the boards of the Foreign Affairs Council and the Insurance Society of Philadelphia. He has also been a council member of USO in Korea, the Chairman of the insurance committee of the American Chamber of Commerce in Korea, and a member of the Turkish Businessmen's Association.



CIB was the first Egyptian bank to plant rooftop gardens above its buildings. The rooftops house various plants and organic edible herbs that are cared for and consumed by staff members. The Bank has so far planted two rooftops, with plans for the third already underway.

The Board of Directors' Committees

CIB's Board of Directors has eight standing committees that assist the Board in fulfilling its responsibilities. Accordingly, the Board is provided with all necessary resources to enable them to carry out their duties in an effective manner. Each committee operates under a written charter that sets out its responsibilities and composition requirements.

Non-Executive Committees:

Committee	Members	Key Responsibilities
Audit Committee Supervising the quality and integrity of CIB's financial reporting.	Chair: **Dr. Medhat Hassanein** Members: **Dr. Sherif Kamel** **Mr. Yasser Hashem**	The Committee's mandate is to ensure compliance with the highest levels of professional conduct, reporting practices, internal processes, and controls. Consistent with the interests of all stakeholders, the Audit Committee also insists on high standards of transparency and strict adherence to internal policies and procedures. In performing its critical functions, the Committee is cognizant of the important role CIB plays in the Egyptian financial sector as a leader in all of the aforementioned areas. The Audit Committee met four times in 2015.
The Governance and Compensation Committee Responsible for CIB's corporate governance as well as the Board's performance evaluation, compensation, and succession planning.	Chair: **Dr. Nadia Makram Ebeid** Members: **All other Non-Executive Board Members**	The Governance and Compensation Committee (GCC) is an integral part of the overall responsibilities of the Board of Directors. As such, and in line with CIB's corporate governance framework, the GCC is responsible for establishing corporate governance standards, providing assessment of Board effectiveness, and determining the compensation of Board members. The Committee also determines the appropriate compensation levels for the Bank's senior executives and ensures that compensation is consistent with the Bank's objectives, performance, and strategy and control environment. The GCC met four times in 2015.
The Risk Committee Supervising risk management at CIB.	Chair: **Mr. Mark Richards** Members: **Mr. Jawaid Mirza** **Mr. Bijan Khosrowshahi**	The primary mission of the Risk Committee is to assist the Board in fulfilling its oversight risk responsibilities by establishing, monitoring, and reviewing internal control and risk management systems to ensure the Bank has the proper focus on risk. It also recommends to the Bank's risk strategy and associated limits to the Board. The Risk Committee met four times in 2015.
The Operations and IT Committee Assisting the Board in overseeing Bank operations and technology strategy as well as operations and technology risk.	Chair: **Mr. Jawaid Mirza** Members: **Dr. Sherif H. Kamel**	This Committee is appointed by the Board of Directors and assists Board members in their oversight of Bank operations and technology strategy, significant investments to support that strategy, and operations and technology risk. The Committee met five times in 2015.
The Sustainability Advisory Board Concentrating on long-term value drivers that advance the twin objectives of the Bank's sustained success, as well as the well-being and betterment of society as a whole.	Chair: **Dr. Nadia Makram Ebeid** Members: **Dr. Medhat Hassanein** **Mr. Jawaid Mirza**	The Sustainability Committee is delegated by the Board of Directors to oversee, approve, and monitor all sustainability strategies, initiatives, and projects. It concentrates on long-term value drivers that advance the twin objective of the Bank's sustained success in addition to the well-being and betterment of society as a whole. The committee has met twice over the course of 2015.

Executive Committees:

Committee	Members	Key Responsibilities
The Management Committee Responsible for execution of the Bank's strategy.	Chair: **Mr. Hisham Ezz Al-Arab** Members: **CIB Senior Management**	This Executive Committee is responsible for executing the Bank's strategy as approved by the Board. It manages the Bank's day-to-day functions to ensure alignment with strategy, effective controls, risk assessment, and efficient use of Bank resources. The committee adheres to high ethical standards and ensures compliance with regulatory and internal CIB policies. The committee also provides the Board with regular updates on the Bank's financial and business activities, as well as any key issues. The Management Committee met 13 times in 2015.
The High Lending and Investment Committee Responsible for asset allocation, quality, and development.	Chair: **Mr. Hisham Ezz Al-Arab** Members: **Senior CIB Management**	This Executive Committee is responsible for managing the assets side of the balance sheet and keeping an eye over asset allocation, quality, and development. As per its mandate, the High Lending and Investment Committee convened weekly throughout 2015 and met 47 times.
The Affiliates Committee Responsible for steering and managing CIB affiliates.	Chair: **Mr. Hisham Ezz Al-Arab** Members: **CIB Senior Management**	The Affiliates Committee reports to the Board of Directors and is responsible for steering and managing CIB's affiliates. It also acts as a think-tank for setting and initiation of all strategic goals related to the Bank's affiliates. The Affiliates Committee met six times during 2015.

EXECUTIVE MANAGEMENT

Mr. Hisham Ezz Al-Arab

Chairman and Managing Director

Mr. Hisham Ezz Al-Arab has led CIB since 2002 as Chairman and Managing Director. Under his leadership, CIB expanded its leading position, grew its market capitalization from USD 200 million to USD 4 billion, and developed from a wholesale lender into the full-fledged financial institution it is today. His vision transcended financial performance to include the adoption of best practices in corporate governance, risk management, and building a modern banking culture. With these efforts, CIB's stock is now viewed by the international investment community as a proxy stock for Egypt and the benchmark for its banking industry.

More to the point, Mr. Ezz Al-Arab received the EMEA Finance African Banking Award "Best CEO in Egypt and Africa Region" for the year 2014 in recognition of the distinguished success of CIB in the banking sector under his leadership.

Mr. Ezz Al-Arab is the Chairman of the Board of Trustees of the CIB Foundation. He has also been a Director at MasterCard Middle East and Africa's Regional Advisory Board since June 2007, in addition to being a principal member of the American Chamber of Commerce. For his distinguished work, he was elected as a member of the Board of Trustees for the American University in Cairo (AUC) in November 2012. In March 2013, Mr. Ezz Al-Arab was also elected as Chairman of the Federation of Egyptian Banks. In February 2014, he became a member of the Institute of International Finance Emerging Markets Advisory Council – EMAC.

Prior to joining CIB, Mr. Ezz Al-Arab led a reputable banking career as Managing Director of international investment banks in London (Deutsche Bank, JP Morgan and Merrill Lynch), Bahrain, New York, and Cairo.

Mr. Hussein Abaza

Chief Executive Officer, Institutional Banking

Mr. Hussein Abaza assumed his duties as CEO of Institutional Banking in October 2011. Prior to that, he was CIB's Chief Operating Officer, Chairman of CIAM, and a member of the High Lending and Investment Committee, the Management Committee and the Affiliates Committee, in addition to being on the board of CI Capital Holdings.

Mr. Abaza's history with CIB extends beyond these positions; between 2001 and 2010 he was the General Manager and Chief Risk Officer whose duties covered a range of responsibilities that included Credit, Market, and Operational Risk, as well as Investor Relations. Prior to his time at CIB, Mr. Abaza had occupied the position of Head of Research at EFG Hermes' Asset Management between March 1995 and October 1999. He had started out his career at Chase National Bank of Egypt, the forerunner to CIB. He holds a B.A. in Business Administration from the American University in Cairo.

Mr. Mohamed El Toukhy

Chief Executive Officer, Consumer Banking

Mr. Mohamed El Toukhy launched his career with CIB's Trade Finance Department in 1979. Since then he has assumed various positions in Operations, Branch Management, and Corporate Banking. In July 2006 he was promoted to General Manager of Consumer Banking and has since led the CIB Branch Network and Retail Banking areas to unprecedented success.

During his tenure, the number of CIB branches increased to 187 and are distributed across all key governorates in Egypt. Moreover, all of the Bank's Asset and Liabilities businesses are on solid growth trajectories, with CIB holding leadership positions in credit cards, auto loans, personal loans, current and saving accounts, time deposits, and certificates of deposit and investment insurance products.

In terms of profitability, the Consumer Bank has increased its share of the Bank's net income from only 10% in 2006 to 29% in December 2015.

Mr. Mohamed Abdel Aziz El Toukhy is leading the transformation of the organization into a modern Consumer Banking franchise. Under Mr. Toukhy's leadership, CIB's branch network and Retail Banking department increased its Consumer Banking balance sheet to EGP 107.2 billion in customer deposits for December 2015.

CIB's Executive Management Team. From left to right: Mr. Hussein Abaza, Mr. Hisham Ezz Al-Arab, Mr. Mohamed El Toukhy, and Mr. Mohamed Sultan.

Mr. Mohamed Sultan

Chief Operating Officer

Mr. Mohamed Sultan the Chief Operating Officer assumed his role in February 2015. He joined CIB as Head of Consumer Operations in 2008, and within six months Mr. Sultan was appointed Head of the Operations Group. In September 2014, Mr. Sultan was appointed Head of Operations & IT, prior to assuming his role as COO.

Under his leadership and management, significant developments within the Operations Group took place, which resulted in major expansions within the Operations Area. This was achieved by merging several areas under Operations, including, Corporate Services Alternative Channels, and Projects and Premises.

In his continuous efforts to enhance the Bank's internal and external customer experience in alignment with CIB's overall objectives and strategic goals, multiple departments were established under CIB operations including Treasury Middle Office, Operations Control Management, Retail Operations, and Customer Care Unit.

Following Mr. Sultan's insightful vision, the Business Continuity and Information Security Management Department – headed by the Chief Security Officer – as well as the Sustainability Department were established, positioning CIB as the pioneer and leader in these fields among other financial institutions in the market.

Prior to joining CIB, Mr. Sultan held the positions of Vice President of Branches Operations and Control Management at Mashreq Bank and Country Operations Head at National Bank of Oman. Sultan has attended several leadership programs in Top Business schools and is also an alumnus of INSEAD.

NAVIGATING NEW WATERS

CIB was the first Egyptian bank to establish a Sustainable Development Department (SD) in late 2012. More recently, the department was incoporated in the Brand and Corporate Communications Division.

The SD continues to enthusiastically advance the concept of sustainability through awareness raising and other activities undertaken by committed CIBians, as they proudly like to call themselves.

Over the years, CIB has proved itself a leader in several sectors such as profitability, asset quality, and people – to name but a few.

One of the many things that differenetiates the Bank from its peers is its consistency in delivering deserving results in all of its operations and businesses. Our stakeholders have grown accustomed to this, and we have always taken measures to ensure we not only never let them down, but always exceed their expectations, especially as sustainability evolved over the years to become anchored in the Bank.

CIB's high level of performance, accountability, reputation, and sustainability is what makes it "A Bank to Trust," as people have faith in its ability to deliver continuously and consistently. As the world around us evolves, we are not only keeping up with the changing tides, but tackling them head on.

Accordingly, CIB has pledged to help enhance and protect its environment, economy, and society. The Bank strives to protect air and water quality, reduce waste, optimize operating costs, create markets for 'green' products and services, improve occupant production, advance economic performance, and heighten aesthetic quality – all as part of its endeavors to elevate quality of life.

Sustainable Development Revolves around Five Foundational Pillars:

REDUCING ECOLOGICAL FOOTPRINT

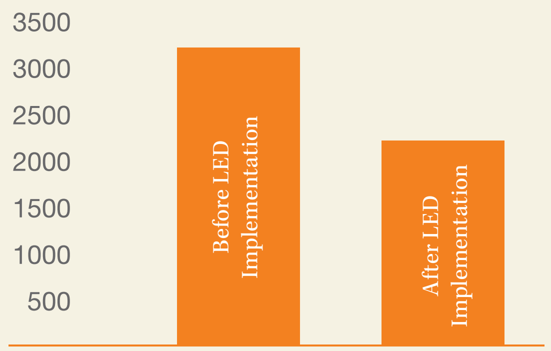
Energy Efficiency

- CIB was the first Egyptian bank to partner with the Ministry of Electricity to manage its energy consumption. It was also the first financial institution in Egypt to bid for and begin using LED bulbs. The EGP 15.8 million bid for 83,000 LED bulbs was accepted in 2014. By installing LED bulbs in Cairo branches/HOs, we cut our energy consumption by c. 31%;
- Installed solar water heaters in SV1, SV2, Tiba HOs, and branches of Rabwa, Sixth of October, Shams, Sadat, Dahab, Hadaba, Sun Rise, and Makady;
- Installed Solar Tie Grids in SV1, SV2, and Road 90 premises, which reduce energy consumption and decrease our load on governmental channels;
- Installed bank-wide water restrictors, reducing water consumption by 30%.

THE TIBA BUILDING

- CIB's seven-floor Tiba building in Dokki, Giza, which serves over 300+ permanent staff members and 100+ daily visitors, saved 30% of its energy consumption after installing an LED lighting system. Daily electricity consumption based on meter readings was recorded during implementation, and readings showed a drop from 3,467 KWh to 2,414 KWh post-implementation;
- October readings also showed a 30% drop in energy consumption from 84,516 KWh to 59,145 KWh, a difference of 25,371 KWh after 3,328 LED bulbs were installed;
- The difference between the observed savings of 30% and calculated savings of 18.5% are due to reduced use of the central air conditioning system after the installation of the lower-heat LED lighting in place of traditional lighting;
- The estimated monthly CO_2 savings based on a grid emission factor of 0.54 tons of CO_2 / MWh: 25,371 KWh* 0.54 / 1,000 = 13.7 tons of CO_2.

Electricity Consumption



Green Buildings

- CIB is the first Egyptian bank to ever acquire the Egyptian Green Pyramids Rating System Certificate (GPRS). We collaborated with the Housing and Building National Research Centre (HBRC), and the Ministry of Housing, Utilities, and Urban Development to establish a green building-rating-system for Egypt. The rating guidelines set a framework for owners and operators to identify and implement practical and measurable green building design, construction, and maintenance solutions. The GPRS is the Egyptian version of the internationally recognized Leadership in Energy and Environmental Design (LEED) framework. This is a mark of distinction that signifies a building was constructed and is operated with a green mindset; in other words, the structure is resource efficient and environmentally friendly. CIB's Road 90 Branch in New Cairo was awarded the GPRS, Golden grade, following inspection by a technical committee of experts from the Ministry of Energy, HBRC and Ministry of Housing, Utilities, and Urban Development;
- CIB was the first Egyptian bank to implement the idea of rooftop gardens above its buildings. Since 2013, the bank has planted two rooftops and is in the process of finalizing the third. These rooftops house organic edible herbs such as thyme and mint. The products are consumed by CIBians, who also take part in their maintenance;

Green wall at CIB's Road 90 branch in New Cairo.

- CIB was the first Egyptian bank to plant 20 internal and external green walls around its branches and head offices (natural green leafy plants to reduce the impact of carbon emissions).

Paper Consumption

Although banking does require the use of much paper, CIB has succeeded in:

- Reducing 26% of paper consumption through the use of double-sided printing at our Cairo branches;
- Refraining from the use of printed copies of documents in senior committee meetings, relying instead on tablets and other devices;
- Ceasing printing of monthly ledgers at branches, which has saved a monthly 23,000 sheets of paper;
- Selling large amounts of shredded paper to recycling outlets, which is not only a source of income but also encourages awareness of this issue among staff members.

SOCIAL AND ENVIRONMENTAL MANAGEMENT SYSTEM

Social and environmental concerns have become more prominent in today's global economy and as part of CIB's continuous efforts to strike a balance between profitability and said concerns, the Bank formalized a Social and Environmental Risk Credit Policy Guide in 2015.

The Credit Policy Guide provides a framework that integrates social and environmental credit risk management into CIB's business processes, providing the standard for Social and Environmental due diligence to support responsible risk decision-making.

The Social and Environmental Risks Credit Policy Guide, has the following broad objectives:

- Manage Social and Environmental (S&E) risks in the overall project cycle
- Set an example for socially and environmentally sound practices
- Strive to conserve natural resources, protect the environment, and take the standards of living into consideration
- Inspire and encourage socially aware and environmentally friendly practices among all Bank stakeholders, including partners and co-investors
- Improve financed project development, implementation, monitoring, and project conclusion

As the Social and Environmental Risks Credit Policy guide is concluded, its workflow and implementation will be transferred to the Risk Group with the inauguration of the Social and Environmental Credit Risk Department.

COMMUNICATION AND REPORTING

- Internally published the first Sustainability Report in 2014, in accordance with Global Reporting Initiative's (GRI) guidelines
- Developing the second Sustainability Report for 2015 and in the process of acquiring GRI accreditation
- Maintaining constant communication with CIBians on global sustainability news through the intranet and monthly CIB newsletter

COMMUNITY ENGAGEMENT

Waste Management

Purchased and distributed 840 trash sorting bins across the bank to be used by staff members to sort their waste and keep their working environment clean and green.

Sustainability Ambassadors

In 2013, CIB became the first Egyptian bank to launch a Sustainability Ambassadors initiative within its nationwide network. There are 70+ active volunteers from different business lines and hiring categories who are eagerly moving forward to spread and anchor sustainability issues among the Bank's 5,500+ CIBians.

The ambassadors meet regularly and introduce practical but innovative concepts. Paper and energy champions are rewarded on a quarterly basis for successfully decreasing paper or energy consumption in their work zones and acting as role models.

SUSTAINABILITY AMBASSADORS

On 13 December 2015, CIB held its quarterly meeting with sustainability ambassadors. The meeting was in the form of a lively workshop moderated by experts in the fields of energy, waste management, community engagement, and communication. A number of the bank's senior management staff also attended the 10-hour event, in which the moderators presented their views in interactive discussion panels with the Ambassadors.

Reviving Giza Zoo

CIB was the first bank in Egypt to lead the national mega project of restoring and reviving the Giza Zoo. A good number of CIBians, including senior executives contributed to this worthy national initiative. Built in 1891, the 80-acre Giza Zoo is a treasure and a place of many shared childhood memories. Regrettably, the infrastructure and general conditions were so run down that the facility had lost its WAZA accreditation and thousands of people had stopped visiting.

CIB's Giza headquarters have directly faced the zoo's grounds since 1982, and the bank is firmly committed to corporate sustainability as a core principle of its business strategy and code of ethics. Developing the zoo will have a healthy ripple effect that will extend to families, friends, and society at large.

For the restoration, CIB partnered with ENACTUS to involve the youth community. 33 universities were involved in a competition and given the opportunity to present their business plans, out of which the top-three plans were selected and awarded by CIB. Leading consultant offices reviewed the business plans prepared by the winners and a master design and plan will be prepared in early 2016 for subsequent implementation. Completion of the project is expected by 2018.

CIBIAN'S INTELLECTUAL VITALITY AND INNOVATION

CIB is continuously encouraging fresh minds to bring new sustainability ideas to the table. The email address green.link@cibeg.com is where all CIBians share their recommendations, ideas, and views for a more sustainable work environment.

The Giza Zoo Revival project allowed students from 33 universities to present their business plans, of which the top three were selected by the Bank.

CIB's green walls help reduce harmful carbon dioxide emissions.

COMMUNITY DEVELOPMENT

The CIB Foundation was established in 2010 as a non-profit organization dedicated to the enhancement of health and nutrition services extended to underprivileged children in Egypt. The Foundation's work highlights CIB's efforts to give back to its community and aid in its development.

On the left, CIB and the Shahr El Kheir initiative distribute food cartons in poor and densely populated governorates such as Asyut, Luxor, and Aswan during Ramadan; on the right, Student beneficiaries of CIB's 6/6 Eye Exam Caravan waiting in line. So far, 41,000 students have benefited from this program.

CIB FOUNDATION

This year was a solid one for the CIB Foundation, as it saw the organization advance on its trajectory of growth and expansion. Committed to meeting the healthcare needs of the Egyptian community, the CIB Foundation reaffirmed its position as a leading supporter and provider of quality health services across the country. The Foundation was established in 2010 as a non-profit organization dedicated to the enhancement of health and nutrition services extended to underprivileged children in Egypt. Registered under the Ministry of Social Solidarity – as per the Ministry's Decree No. 588 of 2010 – the Foundation focuses on sustainable development initiatives that result in positive long-term outcomes.

The CIB Foundation is governed by a seven-member Board of Trustees:

Following the annual shareholders' General Assembly meeting in early 2015, the CIB Foundation was allocated over EGP 54 million, representing 1.5% of CIB's annual net profit. With this funding, the organization continued to expand its operations geographically, creating new beginnings for Egypt's youngest citizens across the country.

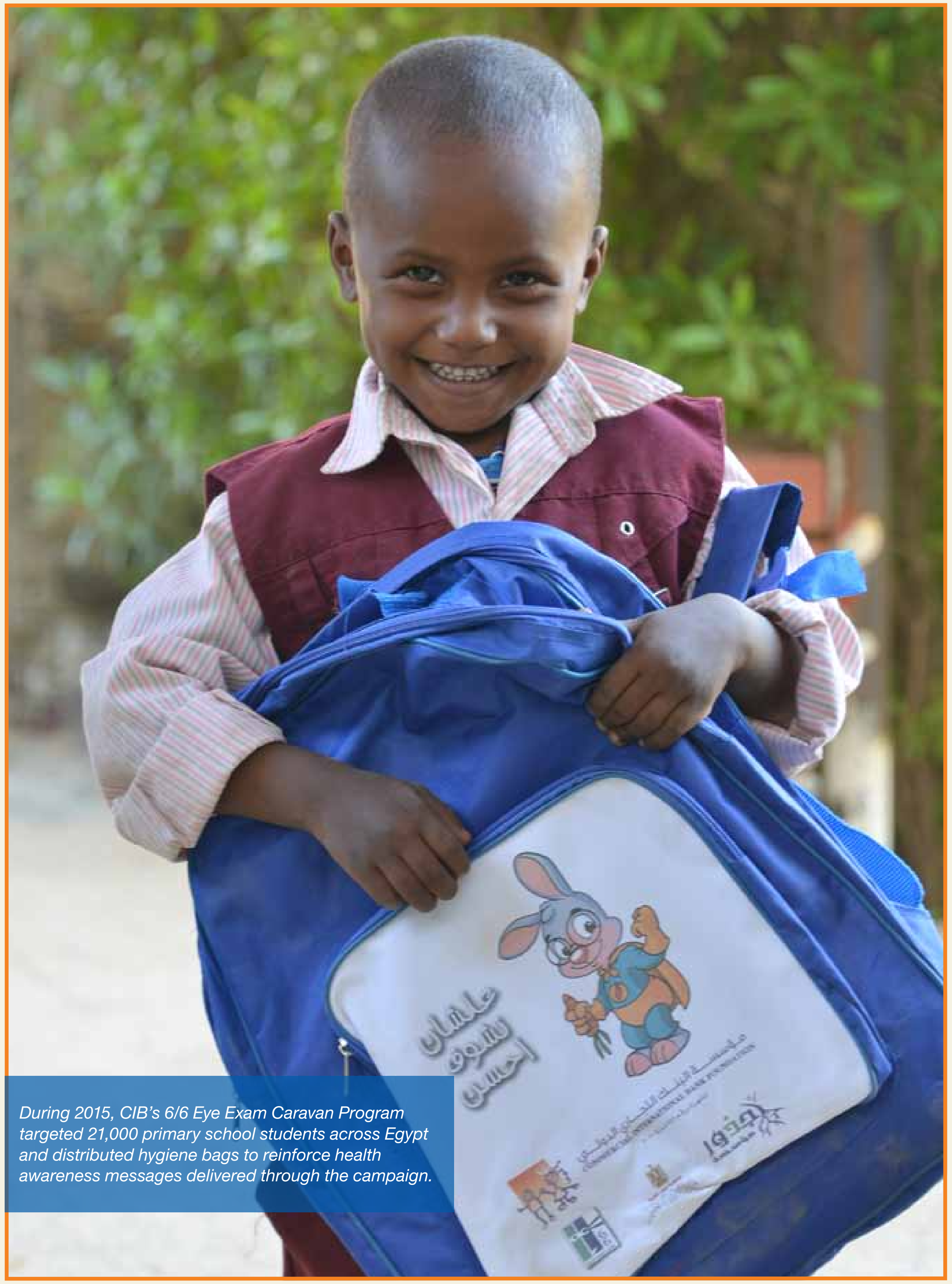
In late September 2015, the CIB Foundation was recognized for its work in the arena of corporate social responsibility from Banker Africa, winning the award for "Most Socially Responsible Bank in North Africa." The title is customarily granted to the African bank that demonstrates the greatest socially responsible practices through its policies and projects. Banks are evaluated based on their sustainable impact on the communities in which they operate, and whether or not they go beyond the philanthropic use of funds to dedicate their overall knowledge, resources, and reputation to improve lives. In 2015, the CIB Foundation was also shortlisted for the African Banker's "Socially Responsible Bank of the Year" award.

The Foundation's partnerships and initiatives during 2015 included:

Gozour Foundation for Development: Eye Exam Caravans

In January 2015, the CIB Foundation reaffirmed its longstanding partnership with the Gozour Foundation for Development to fund 18 eye exam caravans in public elementary schools across Egypt between February and April 2015. This represented the fifth phase of the project. The Gozour Foundation for Development is the non-governmental arm of the Center for Development Services (CDS).

The CIB Foundation allocated EGP 1.5 million in two tranches to fund caravans in the governorates of Cairo, Giza, Ismailia, Beni Suef, Minya, Sohag, and Qena through the "6/6 Eye Exam Caravan Program." Through a partnership with Alnoor Magrabi Foundation, the caravans are designed to provide public-school students with free eye exams, eyeglass frames and lenses, eye medication, as well as in-depth eye-exams and referrals to private hospitals for complex cases. Each caravan included 15-20 doctors, nurses, and coordinators, and is fully equipped with advanced equipment, a fully stocked pharmacy, and an eyeglass shop. Each one-day caravan had a target of 500 children. A total of 9,000 children received free eye exams and necessary care and consultation by the end of the project.



During 2015, CIB's 6/6 Eye Exam Caravan Program targeted 21,000 primary school students across Egypt and distributed hygiene bags to reinforce health awareness messages delivered through the campaign.

10 EGP mn

Donated to Abu El Rish Children's Hospitals to build emergency ward and reception area

In mid-2015, the partnership with the Gozour Foundation was renewed, with EGP 3.96 million allocated for the sixth phase of the project. Throughout the fiscal year 2015/16, the CIB Foundation will implement 36 one-day caravans, providing free eye exams and care to 18,000 students in 11 governorates across Egypt.

CIB staff members and their families also participated in bag-packing events, where thousands of school bags were packed with soap, towels, and educational material for the student beneficiaries of the program. These events provided valuable opportunities for children of CIB's staff members to learn about the Foundation's activities and give back to the community.

Children's Cancer Hospital 57357: Intraoperative MRI and Annual Donation

In line with its long-term partnership with the Children's Cancer Hospital 57357, the CIB Foundation provided the hospital with an intraoperative MRI machine at a cost of over EGP 10 million. This machine will allow doctors to perform on-the-spot MRI's inside the operating room, precisely identifying cancer cells and minimizing the number of invasive surgical procedures pediatric patients are subjected to. The hospital estimates that with this piece of equipment, the first of its kind in the Middle East, they should be able to increase their treatment rate from 65% to 85-90%, which should also drive patient turnover rate up. Additionally, the hospital expects its cure rate to increase from 60% to 75-80%.

As another demonstration of the Foundation's commitment to the Children's Cancer Hospital, EGP 3.5 million were donated in February 2015 to fund patient care and contribute to the construction costs of the hospital's expansion.

Rotary Club of Kasr El Nil: 1,000 Eye Surgeries

In 2015, the CIB Foundation, in collaboration with the Rotary Club of Kasr El Nil, donated EGP 1.5 million to support the Children's Right to Sight (CRTS) program. The CRTS program is dedicated to eradicating blindness and supporting children and infants requiring critical eye surgeries. The CIB Foundation donated EGP 1.038 million to cover the costs associated with the 606 surgeries completed in 2015.

Sohag University Hospital: Outfitting of Three Pediatric Intensive Care Units

In April 2015, the CIB Foundation fulfilled its c. EGP 6 million commitment to equip three pediatric intensive care units at the Sohag University Hospital. The importance of the project cannot be overlooked, as there were no previous existing ICU facilities within the governorate. The units were inaugurated on 4 May 2015.

Aswan University Hospital: Renovation and Outfitting of Pediatric Units

In April 2015, the CIB Foundation fulfilled its EGP 6 million commitment to renovate and outfit several units in the pediatrics department of the Aswan University Hospital. Due to the lack of medical services and resources in the area, the hospital had been referring approximately 70% of its patients to other governorates, such as Asyut, the closest governorate, approximately 70 km away, and Cairo. The hospital's renovated units were inaugurated on 9 July 2015.

ADVANCE Society for Persons with Autism & Other Disabilities: Finishing Works in the Society's New Premises

In March 2015, the CIB Foundation fulfilled its EGP 1.5 million commitment to the ADVANCE Society for Persons with Autism and Other Disabilities in order to complete finishing works in Building II of their new premises in New Cairo. The ADVANCE Society is a non-profit organization that was founded in 1999 by a group of parents of persons with autism and other developmental disabilities with the aim of allowing those individuals to reach their utmost potential. Building II – where workshops, specialized therapies, trainings, and administration work are conducted – required a number of amenities, including water, sewage, fire and irrigation networks, concrete works, and landscaping.

Friends of Abu El Rish Children's Hospitals Organization: Emergency Ward and Reception Area

In March 2015, the CIB Foundation fulfilled its EGP 10 million commitment to the Friends of Abu El Rish Children's Hospitals Organization to renovate and upgrade the Abu El Rish El Mounira Children's Hospital's Emergency Ward and Reception Area.

The renovation and upgrade of the emergency ward was critical, allowing the hospital to provide top-quality services and care to incoming patients. The renovation included restructuring the facility to streamline movement and operations, providing services such as lab work, X-rays, and blood transfusions efficiently and at higher speeds. Additionally, the work included establishing reporting mechanisms to facilitate accurate diagnoses, fully-equipping the unit to handle high-risk cases, and establishing previously unavailable intensive care areas in the ward.

The emergency ward and reception area were inaugurated on 18 March 2015. Now fully functional, the ward is able to provide emergency services for roughly 90,000 children a year.

CIB Sustainability Ambassador decorates outpatient clinics at Cancer Children's Hospital 57357. Ambassadors particpated in a number of volunteer events with the CIB Foundation during 2015.

In 2015, the CIB Foundation organized 16 successful blood donation campaigns in five governorates, and collected over 600 bags of blood, potentially saving the lives of over 1,800 individuals.

Additionally, the CIB Foundation renewed its ongoing partnership with the Organization to support the operating costs of the El Mounira Hospital's intensive care unit (ICU). In October 2015, the CIB Foundation donated EGP 2 million to the Organization to support the CIB Foundation-funded ICU.

Egyptian Liver Care Society: Children Without Virus C Program

In early 2014, the CIB Foundation dedicated over EGP 6 million to fund the Egyptian Liver Care Society's Children Without Virus C's "C-Free Child Program." The Egyptian Liver Care Society was established in 2008 with specific goals of caring for Hepatitis patients, raising doctor and nurse Hepatitis patient-care skills, providing financial support to Hepatitis patients (including liver transplants), and increasing the number and quality of Hepatitis-treatment centers in Egypt. The C-Free Child program is the only program of its kind in Egypt, screening and treating children with Hepatitis C for free.

Over the course of 24 months, beginning in September 2014, the Egyptian Liver Care Society, in partnership with the National Committee for Combatting Viral Hepatitis, will screen 2,000 children and treat 600 identified with Hepatitis C. The project will also train a cadre of doctors and nurses, and raise general awareness on the disease among families and caregivers of children with the virus. The second installment of the project, EGP 2.51 million, was donated in March 2015.

Mansoura University Children's Hospital: Endoscopy Equipment for the Gastroenterology and Liver Unit

In April 2015, the CIB Foundation fulfilled its EGP 1.05 million commitment to the Gastroenterology and Liver Unit at Mansoura University's Children's Hospital, specifically for the purpose of providing three state-of-the-art pieces of endoscopy equipment.

Mansoura University Children's Hospital is a 25-year old teaching hospital, and a major referral center for pediatric patients in Egypt and the surrounding region. With the Foundation's donation, the unit was able to purchase a high-tech light source to make endoscopy procedures less invasive for pediatric patients, as well as two additional pediatric endoscopes. This equipment has allowed the unit to double the number of endoscopy procedures it is able to perform.

Egyptian Red Crescent: Community Health Center Renovation

The CIB Foundation donated EGP 900,000 to the Egyptian Red Crescent to renovate pediatric outpatient clinics and operating rooms in the Al Nahda area's community health center. The Red Crescent-managed health center houses seven clinics, including pediatrics, a lab, dentistry, ear nose and throat (ENT), ophthalmology, internal medicine, and gynecology. The renovations will help provide quality medical services to roughly 24,000 children that visit the clinic each year. The health center is expected to open in early 2016.

MOVE Foundation for Children with Cerebral Palsy: Premises Renovation

In 2014, the CIB Foundation committed EGP 2 million to the MOVE Foundation for Children with Cerebral Palsy in order to renovate their premises, allowing them to expand their operations. The MOVE Foundation was established in 2004 with a mission to positively impact the lives of the estimated 250,000 children living with the disability. The organization aims to bring those children into the mainstream public schooling system in order to allow them to become healthy, productive members of society. While Cerebral Palsy cannot be cured, it can be managed successfully through early intervention.

In June 2015, the CIB Foundation fulfilled its first commitment to the MOVE Foundation by donating EGP 1.3 million for the purchase of their current premises. The CIB Foundation is currently in the process of funding the second and third stages of the project, which should see the complete renovation of the premises, as well as the purchasing of essential equipment.

Magdi Yacoub Heart Foundation: Research Labs and 50 Open-Heart Surgeries

In April 2015, the CIB Foundation's Board of Trustees approved the complete financing of two research labs in the Magdi Yacoub Heart Foundation's Aswan Heart Center. The EGP 15 million project will be funded over three years, with EGP 8 million donated the in the first year (2015).

The Centre hopes that these research labs will deepen existing knowledge of various heart diseases and shed light on possible therapeutic strategies. Research provides opportunities for audit, development of critical faculties, enhances patient care, stimulates discovery, and enhances international visibility of the Centre. In addition, training Egyptian doctors and scientists in research methodologies as well as the execution of research and publishing in international journals with high impact factors are essential for the development of science in the region. The program serves as an excellent platform from which young Egyptian scientists and researchers can contribute to the advancement of world-class research without having to leave the country.

Additionally, in July 2015, the CIB Foundation allocated EGP 3.815 million to the Magdi Yacoub Heart Foundation to cover the costs associated with 50 pediatric open-heart surgeries. Through its ongoing donations, the CIB Foundation supports the Magdi Yacoub Foundation's efforts to drastically minimize the number of children on the open-heart surgery waiting list.

African Leadership Academy: Full Tuition Support for Two Egyptian Students

In August 2015, the CIB Foundation fulfilled its first installment in a pledge to support two young Egyptian students completing their high school degrees at the African Leadership Academy (ALA) in South Africa. The ALA seeks to develop the next generation of African leaders through the promotion of leadership and entrepreneurship skills, and in-depth African studies. The goal of the ALA curriculum is to provide young leaders with the knowledge and inspiration they need to become agents of positive change in the African continent. Once the students complete their university degrees, both will return to Egypt as contributing leaders in society.

Yahiya Arafa Children's Charity Foundation: Pediatric Catheter Lab

The Yahiya Arafa Children's Charity Foundation is a long-standing partner of the CIB Foundation. In September 2015, the CIB Foundation's Board of Trustees approved the complete funding of a pediatric catheter lab at the Ain Shams University Hospital, under the supervision and management of the Yahiya Arafa Foundation. The roughly EGP 8 million project will see the creation of a dedicated pediatric unit, allowing the Hospital to separate adult and pediatric patients, conduct 100 procedures per month, and reduce the waiting list by 90%.

National Cancer Institute: Computed Tomographic (CT) Scanner

In September 2015, the CIB Foundation's Board of Trustees approved the purchase of a pediatric Computed Tomographic (CT) scan machine for the Department of Radiology at the National Cancer Institute at a cost of EGP 3.15 million.

The National Cancer Institute is the largest hospital serving cancer patients in Egypt. It was established at Cairo University in 1969 and currently receives around 140 children with cancer on a daily basis, of whom around six to eight patients are usually newly diagnosed. The Department of Radiology currently receives some 30 patients daily, in addition to the 10-15 emergency cases that are turned away due to long waiting lists. The dedicated piece of equipment will allow the department to increase the number of urgent cases it can take in each day, decrease mortality and morbidity rates as early diagnosis rates climb, and eliminate the pediatric unit's waiting list.

Baladi Foundation – Ophthalmic Clinic in Aswan

In September 2015, the CIB Foundation's Board of Trustees also approved an EGP 710,000 project to establish the first fully-equipped diagnosis and referral center for cases of glaucoma among children in Upper Egypt. Through the project, the CIB Foundation will support the Baladi Foundation in the early detection of the disease in 500 children, treat and perform follow-up operations for this group ,and conduct 50 surgeries for congenital glaucoma cases. Additionally, the Baladi Foundation will conduct two events per year to train 25 specialized doctors.

Rotary Club of Zamalek: Maxillo-Facial Center in the Pediatric Prosthodontics Department at Cairo University's Faculty of Dentistry

In September 2015, the CIB Foundation's Board of Trustees approved c. EGP 50,000 in annual operating costs for the CIB Foundation-funded Maxillo-Facial Center at Cairo University's Faculty of Dentistry. The Center was inaugurated in April 2014, and is one of the sole providers of highly specialized treatments for oral and nasal cavity deformities, congenital deformities in newborn babies, and facial deformities caused by cancer.

Students examined by the 6/6 Eye Exam Caravans using coloring books created specifically for them by Foundation's partner the Gozour Foundation for Development. The books deliver specific hygiene-focused messages to promote awareness.

Egyptian Clothing Bank: Warm Egypt National Campaign

In its fourth year of partnership with the Egyptian Clothing Bank (ECB), the CIB Foundation donated EGP 1 million to support the Warm Egypt National Campaign. This campaign, a new initiative of the Clothing Bank's national campaign "One Million Blankets" includes the production of warm cotton jumpers for both sexes in all sizes for the needy. This allows ECB to provide support for families inside their homes through the blanket campaign and outside their homes with warm clothes. Additionally, the program seeks to reinvigorate many small and medium-sized factories with new production lines, helping to increase both production levels and economic activity. The donation was used to provide heavy jumpers to 50,000 children in seven governorates, including Sohag, Aswan, Asyut, Red Sea, Wadi El Gedid, and Luxor.

Blood Donation Campaigns: The Triple Effect

Over the course of 2015, the CIB Foundation hosted 16 blood donation campaigns across its corporate offices. The campaign, in its third year at CIB now, aims to encourage bank staff and customers to positively and effectively participate in an activity that can save the lives of thousands of patients across the country. Initially, five campaigns were launched in Cairo, and under the leadership of bank staff, the program was expanded for the first time to include six additional campaigns in Damietta, Red Sea, and Suez. In total, over 600 bags of blood were collected in 2015, potentially saving the lives of over 1,800 people.

KidZania Cairo

Through CIB's long-term corporate sponsorship of KidZania Cairo, the CIB Foundation allocated 50 tickets each quarter to underprivileged children. Throughout 2015, the CIB Foundation organized multiple visits to the edutainment city through its partner organizations, where children were provided the opportunity to experience adult professions on a child-friendly scale. By performing sector-specific jobs, children could spend the Kidzos, the official currency of KidZania, which they earned on games and other entertaining activities. The CIB Foundation awarded this opportunity to underprivileged children, children with physical and mental disabilities, orphans, and cancer patients. Through these events, children from marginalized groups of society were given the chance to experience activities that would have previously been unavailable to them.

CORPORATE SOCIAL RESPONSIBILITY

CIB continues to achieve significant milestones in its Corporate Social Responsibility (CSR) efforts and 2015 was no exception. During the year, the CSR division implemented more initiatives that had a profound impact on the lives of people in our community. These efforts remain high on our list of priorities.

Community Development

Over the last 12 months, CIB maintained its steadfast commitment to community development through a diverse series of CSR projects.

School Cultural Trips to Cairo Opera House: CIB organized a number of trips for public school students to the Cairo Opera House, in the context of its initiative to develop young students' aesthetic senses through fine arts and music. Students were introduced to the high arts of classical music by attending a performance of Vivaldi's renowned "Four Seasons," a set of four violin concertos that describe each of the seasons of the year.

Kidzania: Through its sponsorship of Kidzania since 2013, CIB has continued to strengthen its brand loyalty and exposure, with the mini CIB branch in the premises and the branded materials distributed around the venue. In 2015, CIB organized several free trips for children with special needs to experience and enjoy Kidzania, under the supervision of the CIB Foundation.

Autism: Children with autism and other disabilities have always been given the highest priority on CIB's CSR agenda. In 2015, CIB continued to sponsor the annual ceremony held by the ADVANCE Society for Persons with Autism and Other Disabilities, which showcased rhythmic musical compositions performed by students. The concert serves as a platform from which awareness can be raised about the creative and expressive skills of children with disabilities, supporting their integration into mainstream society.

Public school trips to the Cairo Opera House, sponsored by CIB, where students attended Vivaldi's renonwned "Four Seasons" concerto.

El Sawy Culture Wheel: In addition to sponsoring special screenings of documentary films, cultural nights, concerts, and art exhibitions, CIB also introduced a number of new programs this year. In cooperation with El Sawy Culture Wheel, the CIB Foundation, MOVE Foundation for Children with Cerebral Palsy and the Lujain Association, the Bank launched the "Different Abilities" initiative to help children with special needs explore their artistic skills and talents. Under this initiative, the Bank sponsored the "Language of Colors," an art exhibition for "Persons with Intellectual Disabilities" that witnessed the participation of artists from 10 NGOs in Greater Cairo.

"Financial Planning for Individuals" Seminar at El Sawy Culture Wheel, Cairo.

Another noteworthy initiative in 2015 was the "Financial Planning for Safer Future" campaign, which consisted of free seminars aiming to raise awareness about the role and importance of banks in societies and to individuals, in addition to supporting a drive for financial inclusion.

Beena Initiative: CIB and the Ministry of Social Solidarity signed the "Beena" protocol in June to encourage the active participation of youth in society, and to support and monitor the development of social care services. Partnering in this initiative indicates the Bank's firm commitment to supporting community development. Beena is known for employing young volunteers to create an effective mechanism for developing and monitoring the quality of services provided to different social care centers, such as orphanages, elderly homes, and special-needs houses, a segment of society that is in dire need of adequate care and higher-quality services.

Zawya: Through CIB's partnership with Zawya, an art-house cinema founded by Misr International Films (MIF) and located in Downtown Cairo, the Bank sponsored two screenings of the Egyptian director Youssef Chahine's classical epic Al Nasser Saladdin, with audio descriptions for the blind and visually impaired. The screenings were the first of their kind in Egypt. The initiative was initially derived from the Bank's ultimate and long-term goal to integrate this specific spectrum of citizens into the Egyptian society, securing their simple right to lead a normal life.

Orchestra Alnour Wal Amal: CIB, being a devotee of different types of distinctive talents across Egypt, proudly sponsored the art show "Days and Nights of the Heart Tree." The performance, which was held at the Cairo Opera House, featured the Alnour Wal Amal Orchestra, a group of blind Egyptian women. This novel sponsorship aims to support gifted women who are challenged by their disabilities. These women have become a true inspiration to the whole Egyptian community and an exceptional icon in the international musical scene.

"The Language of Colors" was a CIB-organized art exhibition for persons with intellectual disabilities at El Sawy Culture Wheel.

Omar Samra holding CIB's flag at the southernmost point on the surface of the earth as part of the "Explorers Grand Slam" challenge.

International Museum Day: CIB was the first Egyptian bank to ever sponsor the International Museum Day in Egypt, underscoring the Bank's robust strategy and placing it at the head of all other organizations devoted to nurturing talented youth and promoting fine art activities. During the celebration – which was organized by the Egyptian National Committee of the International Council of Museums (ICOM Egypt), in association with the Ministry of Antiquities – the best projects and talents were honored under the auspices of CIB. Special awards were granted to young and distinguished teams in recognition of their outstanding contributions and efforts to the different disciplines related to the field of museums.

Sponsoring Art: Art occupies a fairly large portion of CIB's CSR framework and agenda. We work to ensure the diversification of our channels in order to reach out to distinctive art talents across Egypt and into as many categories as possible.

- ***Supporting Students of Fine Arts Faculties:*** The Bank continued to intensify its efforts to expose Egypt's unique and talented youth who are in need of encouragement and support. During 2015, the Bank expanded its reach to target university students in Minya, Luxor, and Alexandria. This year, CIB sponsored the annual art exhibit held for senior students and fresh graduates at South Valley University's Faculty of Fine Arts in Luxor. The Bank acquired the best art pieces in the collection, adding them to our private art collection in an attempt to incentivize the talented youth of Upper Egypt.
- ***Art Exhibitions:*** CIB played a leading role in the art exhibitions held in the governorates of Luxor and Minya in Upper Egypt, acquiring the finest art pieces displayed at both. These exhibitions witnessed considerable participation from artists in Upper Egypt. Moreover, CIB extended its art support to more new exhibitions, including the Marasem Siwa and Small Artworks. The first aimed to illustrate the unique culture and nature beauty of the Siwa Oasis; special trips were organized for participating artists to get inspired by the oasis' magnificent scenes and create the artworks that were displayed later on in the Hanager Arts Center at the Cairo Opera House. The other exhibition, "Small Artworks" was sponsored by CIB and organized by the Easel and Camera contemporary art gallery, during which the Bank granted awards to talented artists, who were selected by a specialized committee, and acquired the winning pieces to add to the Bank's art collection.
- ***La Biennale di Venezia:*** CIB supported and sponsored three Egyptian artists, Ahmed El-Shaer, Haitham Nawar and Khaled Hafez, at last year's edition of La Biennale Venezia, one of the world's most prestigious arts and culture institutes that also organizes an annual exhibition of the same name. Established in 1895, the Biennale now hosts more than 370,000 visitors at its art exhibition.
- ***Florence Biennale:*** CIB also sponsored the Egyptian artist Weaam El-Masry at the Florence Biennale, a well-known platform for free, independent, innovative, and stimulating contemporary art worldwide. Over the years, the Florence Biennale has showcased some 6,000 artists from over 100 countries. Today, it is one of the most important contemporary art events held worldwide.
- ***Art Salons:*** For the fifth consecutive year, CIB supported a new generation of young, aspiring artists through its sponsorship of the annual Egyptian Youth Salon. CIB collaborated with the Fine Arts division at the Egyptian Ministry of Culture to support trending artists under the age of 35.
  In an effort to support artists from various age brackets and provide equal opportunities to all, the Bank chose to sponsor the Upper Egypt Salon, which was held in Luxor in April 2015, in collaboration with South Valley University's Faculty of Fine Arts.
  This year's dynamic agenda of art-centric sponsorships and activities allowed CIB to acquire nearly 200 distinct pieces of art, enriching the Bank's art collection, while also providing incentive to and acknowledgement of genuine local talent.

Partnering with Omar Samra: CIB supported Egyptian entrepreneur Omar Samra in breaking the record to become the first Egyptian to win the "Explorer's Grand Slam" challenge, an accomplishment realized by only 40 people in history. In May, Samra raised the Egyptian flag and CIB's flag on the northernmost point on the surface of the Earth, in recognition of the Bank's supportive role. CIB's partnership with Samra, which began in late 2014, reflects the Bank's leading role in developing the outstanding talents of ambitious youth, believing that thy are the core of the country's development and the driving force of Egypt's economy and prosperity.

Sponsoring the Egyptian Squash Federation: As sports symbolize an integral part of its responsibility and commitment toward Egyptian youth, CIB has sponsored the Squash Federation for several years now. The Bank offers support and encouragement to young and talented athletes who represent the country in regional and international arenas. This year, CIB was a key sponsor of the national junior team in the Women's World Junior Squash Championship, held in the Netherlands. The team won the title after beating the US national team in the final.

FINANCIAL STATEMENTS

1976

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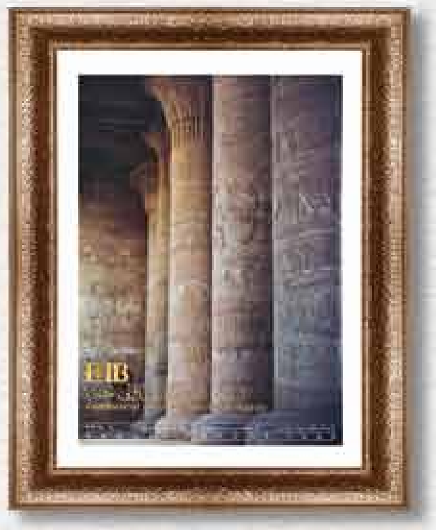

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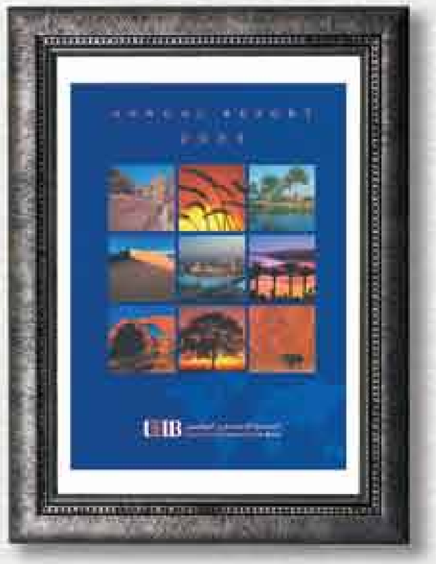

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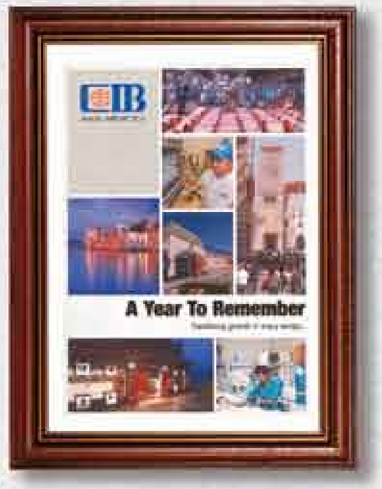

2011

2012

2013

2014

Allied for Accounting & Auditing EY
Public accountants & consultants

KPMG Hazem Hassan
Public accountants & consultants

AUDITORS' REPORT

To the Shareholders of Commercial International Bank - Egypt

Report on the separate financial statements

We have audited the accompanying separate financial statements of Commercial International Bank (Egypt) S.A.E, which comprise the separate balance sheet as at 31 December 2015 , and the separate statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the separate Financial Statements

These separate financial statements are the responsibility of Bank's management. Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation & the financial statements, issued on December 16, 2008 and in light of the prevailing Egyptian laws , management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of Commercial International Bank (Egypt) as of December 31, 2015 and of its financial performance and its cash flows for the year then ended in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation & the financial statements, issued on December 16, 2008 and the Egyptian laws and regulations relating to the preparation of these financial statements.

Report on Other Legal and Regulatory Requirements

According to the information and explanations given to us – during the financial year ended December 31, 2015 no contravention of the central bank, banking and monetary institution law No. 88 of 2003.

The Bank maintains proper books of account, which include all that is required by law and by the statutes of the bank, the separate financial statements are in agreement thereto.

The separate financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Bank's books of account.

Auditors

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

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

Cairo, 10 February 2016

Commercial International Bank (Egypt) S.A.E

Separate balance sheet as at December 31, 2015

	Notes	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Assets			
Cash and balances with central bank	15	9,848,954	7,502,256
Due from banks	16	21,002,305	9,279,896
Treasury bills and other governmental notes	17	22,130,170	30,539,402
Trading financial assets	18	5,848,377	3,727,571
Loans and advances to banks, net	19	38,443	118,091
Loans and advances to customers, net	20	57,172,705	49,279,817
Derivative financial instruments	21	80,995	52,188
Financial investments			
- Available for sale	22	46,289,075	27,688,410
- Held to maturity	22	9,261,220	9,160,746
Investments in subsidiary and associates	23	12,600	564,686
Non-current assets held for sale	43	503,066	-
Investment properties	24	-	884,094
Other assets	25	4,799,937	3,745,362
Goodwill	42	209,842	-
Intangible assets	42	629,340	-
Deferred tax assets (Liabilities)	33	258,157	122,110
Property, plant and equipment	26	1,107,905	982,296
Total assets		**179,193,091**	**143,646,925**
Liabilities and equity			
Liabilities			
Due to banks	27	1,600,769	1,131,385
Due to customers	28	155,369,922	122,244,933
Derivative financial instruments	21	145,735	137,175
Current tax liabilities		1,949,694	1,814,609
Other liabilities	30	2,622,269	2,541,965
Long term loans	29	131,328	242,878
Other provisions	31	861,761	718,356
Total liabilities		**162,681,478**	**128,831,301**
Equity			
Issued and paid up capital	32	11,470,603	9,081,734
Reserves	35	152,144	1,908,594
Reserve for employee stock ownership plan (ESOP)		248,148	177,766
Total equity		**11,870,895**	**11,168,094**
Net profit for the year		4,640,718	3,647,530
Total equity and net profit for year		**16,511,613**	**14,815,624**
Total liabilities and equity		**179,193,091**	**143,646,925**

The accompanying notes are an integral part of these financial statements .

Hisham Ezz Al-Arab
Chairman and Managing Director

Commercial International Bank (Egypt) S.A.E

Separate income statement for the year ended December 31, 2015

	Notes	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Interest and similar income		14,765,337	11,549,834
Interest and similar expense		(6,650,008)	(5,274,133)
Net interest income	6	**8,115,329**	**6,275,701**
Fee and commission income		1,932,054	1,669,224
Fee and commission expense		(299,696)	(181,498)
Net fee and commission income	7	**1,632,358**	**1,487,726**
Dividend income	8	35,062	28,514
Net trading income	9	710,398	717,001
Profits (Losses) on financial investments	22	270,998	(29,335)
Administrative expenses	10	(2,028,404)	(1,704,500)
Other operating (expenses) income	11	(570,000)	(762,529)
Goodwill amortization	42	(7,236)	-
Intangible assets amortization	42	(21,701)	-
Impairment charge for credit losses	12	(1,682,439)	(588,794)
Profit before income tax		**6,454,365**	**5,423,784**
Income tax expense	13	(1,949,694)	(1,814,609)
Deferred tax assets (Liabilities)	33&13	136,047	38,355
Net profit for the year		**4,640,718**	**3,647,530**
Earning per share	14		
Basic		3.58	2.81
Diluted		3.53	2.78

Hisham Ezz Al-Arab
Chairman and Managing Director

Commercial International Bank (Egypt) S.A.E

Separate cash flow for the year ended December 31, 2015

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Cash flow from operating activities		
Profit before income tax	6,454,365	5,423,784
Adjustments to reconcile net profit to net cash provided by operating activities		
Fixed assets depreciation	223,510	213,771
Impairment charge for credit losses	1,682,439	588,794
Other provisions charges	135,866	278,514
Trading financial investments revaluation differences	353,590	(4,468)
Available for sale and held to maturity investments exchange revaluation differences	(96,638)	(38,176)
Goodwill amortization	7,236	-
Intangible assets amortization	21,701	-
Financial investments impairment charge	140,751	65,736
Utilization of other provisions	(5,286)	(6,600)
Other provisions no longer used	(505)	(456)
Exchange differences of other provisions	13,330	(3,857)
Profits from selling property, plant and equipment	(564)	(2,106)
Profits from selling financial investments	(163,270)	(82,907)
Profits from selling associates	(285,431)	-
Shares based payments	133,395	99,857
Investments in subsidiary and associates revaluation	-	52,479
Operating profits before changes in operating assets and liabilities	**8,614,489**	**6,584,365**
Net decrease (increase) in assets and liabilities		
Due from banks	(13,346,529)	(2,130,064)
Treasury bills and other governmental notes	5,497,825	(4,897,448)
Trading financial assets	(2,474,396)	(1,476,755)
Derivative financial instruments	(20,247)	73,193
Loans and advances to banks and customers	(9,495,679)	(8,016,328)
Other assets	(1,042,543)	(845,028)
Goodwill	(217,078)	-
Intangible assets	(651,041)	-
Due to banks	469,384	(242,025)
Due to customers	33,124,989	25,304,663
Income tax obligations paid	(1,814,609)	(1,179,709)
Other liabilities	80,304	1,095,918
Net cash provided from operating activities	**18,724,869**	**14,270,782**
Cash flow from investing activities		
Payment for purchase of subsidiary and associates	-	(17,888)
Proceeds from selling subsidiary and associates	334,451	-
Payment for purchases of property, plant, equipment and branches constructions	(360,587)	(240,265)
Proceeds from redemption of held to maturity financial investments	3,919,074	-
Payment for purchases of held to maturity financial investments	(4,019,548)	(4,973,572)
Payment for purchases of available for sale financial investments	(25,392,460)	(9,080,132)
Proceeds from selling available for sale financial investments	5,301,726	4,937,801
Proceeds (payments) from real estate investments	884,094	(884,094)
Net cash used in investing activities	**(19,333,250)**	**(10,258,150)**

Commercial International Bank (Egypt) S.A.E

Separate cash flow for the year ended December 31, 2015 (Cont.)

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Cash flow from financing activities		
Increase (decrease) in long term loans	(111,550)	110,725
Dividend paid	(1,563,646)	(1,253,338)
Capital increase	94,748	79,299
Net cash used in financing activities	**(1,580,448)**	**(1,063,314)**
Net increase (decrease) in cash and cash equivalent during the year	(2,188,829)	2,949,318
Beginning balance of cash and cash equivalent	14,811,360	11,862,042
Cash and cash equivalent at the end of the year	12,622,531	14,811,360
Cash and cash equivalent comprise:		
Cash and balances with central bank	9,848,954	7,502,256
Due from banks	21,002,305	9,279,896
Treasury bills and other governmental notes	22,130,170	30,539,402
Obligatory reserve balance with CBE	(8,268,202)	(5,392,596)
Due from banks with maturities more than three months	(15,478,335)	(5,007,412)
Treasury bills with maturity more than three months	(16,612,361)	(22,110,186)
Total cash and cash equivalent	**12,622,531**	**14,811,360**

Commercial International Bank (Egypt) S.A.E

Separate statement of changes in shareholders' equity for the year ended on December 31, 2014

Dec. 31, 2014	Issued and paid up capital	Legal reserve	General reserve	Special reserve	Reserve For A.F.S investments revaluation diff.	Banking risks reserve	Net profit for the year	Reserve for employee stock ownership plan	Total EGP Thousands
Beginning balance	9,002,435	490,365	406,242	27,367	(720,468)	1,991	2,716,852	190,261	**12,115,045**
Capital increase	79,299	-	-	-	-	-	-	-	**79,299**
Transferred to reserves	-	130,719	1,444,406	741	-	-	(1,463,514)	(112,352)	-
Dividend paid	-	-	-	-	-	-	(1,253,338)	-	**(1,253,338)**
Net profit for the year	-	-	-	-	-	-	3,647,530	-	**3,647,530**
Net unrealised gain/(loss) on AFS	-	-	-	-	127,231	-	-	-	**127,231**
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	99,857	**99,857**
Balance at the end of the year	9,081,734	621,084	1,850,648	28,108	(593,237)	1,991	3,647,530	177,766	**14,815,624**

Commercial International Bank (Egypt) S.A.E

Separate statement of changes in shareholders' equity for the year ended on December 31, 2015

Dec. 31, 2015	Issued and paid up capital	Legal reserve	General reserve	Special reserve	Reserve For A.F.S investments revaluation diff.	Banking risks reserve	Net profit for the year	Reserve for employee stock ownership plan	Total EGP Thousands
Beginning balance	9,081,734	621,084	1,850,648	28,108	(593,237)	1,991	3,647,530	177,766	**14,815,624**
Transferred (from) to bank risk reserve	-	-	-	-	-	522	(522)	-	-
Capital increase	2,388,869	-	(2,294,121)	-	-	-	-	-	**94,748**
Transferred to reserves	-	182,271	1,961,998	2,106	-	-	(2,083,362)	(63,013)	-
Dividend paid	-	-	-	-	-	-	(1,563,646)	-	**(1,563,646)**
Net profit for the year	-	-	-	-	-	-	4,640,718	-	**4,640,718**
Net unrealised gain/(loss) on AFS	-	-	-	-	(1,609,226)	-	-	-	**(1,609,226)**
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	133,395	**133,395**
Balance at the end of the year	11,470,603	803,355	1,518,525	30,214	(2,202,463)	2,513	4,640,718	248,148	**16,511,613**

Notes to the separate financial statements for the year ended on December 31, 2015

1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 159 branches, and 28 units employing 5983 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.

2. Summary of accounting policies

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

2.1. Basis of preparation

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

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

The separate and consolidated financial statements of the Bank and its subsidiaries have been prepared in accordance with the relevant domestic laws and the Egyptian financial reporting standards, the affiliated companies are entirely included in the consolidated financial statements and these companies are the companies that the Bank - directly or indirectly – has more than half of the voting rights or has the ability to control the financial and operating policies, regardless of the type of activity, the Bank's consolidated financial statements can be obtained from the Bank's management. The Bank accounts for investments in subsidiaries and associate companies in the separate financial statements at cost minus impairment loss.

The separate financial statements of the Bank should be read with its consolidated financial statements, for the period ended on December 31, 2015 to get complete information on the Bank's financial position, results of operations, cash flows and changes in ownership rights.

2.2. Subsidiaries and associates

2.2.1. Subsidiaries

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

2.2.2. Associates

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

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

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

2.3. Segment reporting

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

2.4. Foreign currency translation

2.4.1. Functional and presentation currency

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

2.4.2. Transactions and balances in foreign currencies

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

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

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

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

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

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

2.5. Financial assets

The Bank classifies its financial assets in the following categories:

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

Management determines the classification of its investments at initial recognition.

2.5.1. Financial assets at fair value through profit or loss

This category has two sub-categories:

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

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

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

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

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

2.5.2. Loans and advances

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

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

2.5.3. Held to maturity financial investments

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

2.5.4. Available for sale financial investments

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

The following are applied in respect to all financial assets:

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

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

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

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

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

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

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

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

2.6. Offsetting financial instruments

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

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

2.7. Derivative financial instruments and hedge accounting

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

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

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

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

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

2.7.1. Fair value hedge

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

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

2.7.2. Derivatives that do not qualify for hedge accounting

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

2.8. Interest income and expense

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

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

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

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

2.9. Fee and commission income

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

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

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

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

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

2.10. Dividend income

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

2.11. Sale and repurchase agreements

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

2.12. Impairment of financial assets

2.12.1. Financial assets carried at amortised cost

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

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

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

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

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

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

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

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

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

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

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

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

2.12.2. Available for sale investments

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

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

2.13. Real estate investments

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

2.14. Property, plant and equipment

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

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

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

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

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

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

2.15. Impairment of non-financial assets

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

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

2.15.1. 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 banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

2.18. Other provisions

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

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

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

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

2.19. Share based payments

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

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

2.20. Income tax

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

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

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

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

2.21. Borrowings

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

2.22. Dividends

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

2.23. Comparatives

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

2.24. Non-current assets held for sale

A non-current asset (or disposal group) to be classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Determining whether (and when) an asset stops being recovered principally through use and becomes recoverable principally through sale.

For an asset (or disposal group) to be classified as held for sale:

(a) It must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups);
(b) Its sale must be highly probable;

The standard requires that non-current assets (and, in a 'disposal group', related liabilities and current assets,) meeting its criteria to be classified as held for sale be:

(a) Measured at the lower of carrying amount and fair value less costs to sell, with depreciation on them ceasing; and
(b) Presented separately on the face of the statement of financial position with the results of discontinued operations presented separately in the income statement.

2.25. Discontinued operation

Discontinued operation as 'a component of an entity that either has been disposed of, or is classified as held for sale, and

(a) Represents a separate major line of business or geographical area of operations,
(b) Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or
(c) Is a subsidiary acquired exclusively with a view to resale.

3. Financial risk management

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

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

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

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

3.1. Credit risk

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

3.1.1. Credit risk measurement

3.1.1.1. Loans and advances to banks and customers

In measuring credit risk of loans and facilities to banks and customers at a counterparty level, the Bank reflects three components (i) the 'probability of default' by the client or counterparty on its contractual obligations (ii) current exposures to the counterparty and its likely future development, from which the Bank derive the 'exposure at default'; and (iii) the likely recovery ratio on the defaulted obligations (the 'loss given default').

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

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

Bank's rating	Description of the grade
1	Performing loans
2	Regular watching
3	Watch list
4	Non-performing loans

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

3.1.1.2. Debt instruments and treasury and other bills

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

3.1.2. Risk limit control and mitigation policies

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

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

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

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

Some other specific control and mitigation measures are outlined below:

3.1.2.1. Collateral

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

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

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

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

3.1.2.2. Derivatives

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

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

3.1.2.3. Master netting arrangements

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

3.1.2.4. Credit related commitments

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

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

3.1.3. Impairment and provisioning policies

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

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

Bank's rating	December 31, 2015		December 31, 2014	
	Loans and advances (%)	Impairment provision (%)	Loans and advances (%)	Impairment provision (%)
1-Performing loans	82.27	30.70	86.69	33.91
2-Regular watching	9.32	12.97	6.70	11.24
3-Watch list	4.43	21.78	1.95	5.53
4-Non-Performing loans	3.98	34.55	4.66	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:

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

In balance sheet items exposed to credit risk	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Treasury bills and other governmental notes	22,130,170	30,461,627
Trading financial assets:		
- Debt instruments	5,504,524	3,335,297
Gross loans and advances to banks	48,342	132,673
Less:Impairment provision	(9,899)	(14,582)
Gross loans and advances to customers		
Individual:		
- Overdraft	1,583,233	1,438,217
- Credit cards	2,001,159	1,010,014
- Personal loans	8,073,622	5,729,054
- Mortgages	298,817	325,266
- Other loans	20,881	20,934
Corporate:		
- Overdraft	8,936,219	7,192,728
- Direct loans	27,811,737	25,008,383
- Syndicated loans	14,088,786	12,645,169
- Other loans	84,402	216,429
Unamortized bills discount	(14,375)	(5,568)
Impairment provision	(4,709,107)	(3,441,757)
Unearned interest	(1,002,669)	(859,052)
Derivative financial instruments	80,995	52,188
Financial investments:		
-Debt instruments	54,818,500	36,383,095
- Investments in subsidiary and associates	12,600	564,686
Total	**139,757,937**	**120,194,801**
Off balance sheet items exposed to credit risk		
Financial guarantees	2,741,310	2,453,307
Customers acceptances	504,774	757,509
Letters of credit (import and export)	862,279	1,289,834
Letter of guarantee	29,640,729	23,262,617
Total	**33,749,092**	**27,763,267**

The above table represents the Bank Maximum exposure to credit risk on December 31, 2015, before taking account of any held collateral.

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

As shown above 40.99% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represents 43.16%.

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

- 91.59% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- 96.02% of loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed individualy are valued EGP thousands 2,505,293.
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on December 31, 2015.
- 97.09% of the investments in debt Instruments are Egyptian sovereign instruments.

3.1.6. Loans and advances

Loans and advances are summarized as follows:

	Dec. 31, 2015 EGP Thousands		Dec. 31, 2014 EGP Thousands	
	Loans and advances to customers	**Loans and advances to banks**	**Loans and advances to customers**	**Loans and advances to banks**
Neither past due nor impaired	56,649,081	27,567	48,711,552	107,617
Past due but not impaired	3,765,257	-	2,397,998	-
Individually impaired	2,484,518	20,775	2,476,644	25,056
Gross	**62,898,856**	**48,342**	**53,586,194**	**132,673**
Less:				
Impairment provision	4,709,107	9,899	3,441,757	14,582
Unamortized bills discount	14,375	-	5,568	-
Unearned interest	1,002,669	-	859,052	-
Net	**57,172,705**	**38,443**	**49,279,817**	**118,091**

Impairment provision losses for loans and advances reached EGP 4,719,006 thousand.

During the year the Bank's total loans and advances increased by 17.18% .

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

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

Dec. 31, 2015 EGP Thousands

Grades:	Individual				Corporate					
	Overdrafts	**Credit cards**	**Personal loans**	**Mortgages**	**Overdraft**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total loans and advances to customers**	**Total loans and advances to banks**
Performing loans	1,512,038	1,907,963	7,585,578	286,266	7,662,663	20,014,726	11,257,517	83,075	50,309,826	**25,881**
Regular watching	37,236	39,542	211,668	-	243,102	3,001,782	1,720,835	-	5,254,165	**1,355**
Watch list	8,661	16,795	65,985	-	200,937	1,447,610	21,997	-	1,761,985	-
Non-performing loans	13,463	9,874	75,052	2,359	239,897	458,917	64,211	-	863,773	**11,207**
Total	**1,571,398**	**1,974,174**	**7,938,283**	**288,625**	**8,346,599**	**24,923,035**	**13,064,560**	**83,075**	**58,189,749**	**38,443**

Dec. 31, 2014 EGP Thousands

Grades:	Individual				Corporate					
	Overdrafts	**Credit cards**	**Personal loans**	**Mortgages**	**Overdraft**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total loans and advances to customers**	**Total loans and advances to banks**
Performing loans	1,381,095	977,165	5,488,286	315,362	6,167,798	19,699,277	11,070,532	194,013	45,293,528	**106,761**
Regular watching	30,404	17,128	77,868	-	313,197	2,272,382	479,924	17,566	3,208,469	-
Watch list	5,062	5,307	31,441	-	47,847	390,506	376,653	-	856,816	-
Non-performing loans	11,106	2,980	50,306	1,482	172,123	473,792	73,835	-	785,624	**11,330**
Total	**1,427,667**	**1,002,580**	**5,647,901**	**316,844**	**6,700,965**	**22,835,957**	**12,000,944**	**211,579**	**50,144,437**	**118,091**

Loans and advances past due but not impaired:

Loans and advances less than 90 days past due are not considered impaired, unless there is an objective evidence of impairment.

EGP Thousands

Dec. 31, 2015	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Past due up to 30 days	496,599	319,812	107,881	491	924,783	1,024,665	1,289,946	4,300	**2,318,911**
Past due 30 - 60 days	37,361	42,765	40,608	142	120,876	54,301	40,768	-	**95,069**
Past due 60-90 days	8,735	20,820	19,823	41	49,419	143,274	112,925	-	**256,199**
Total	**542,695**	**383,397**	**168,312**	**674**	**1,095,078**	**1,222,240**	**1,443,639**	**4,300**	**2,670,179**

EGP Thousands

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 2,505,293 thousand.

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

EGP Thousands

Dec. 31, 2015	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Total
Individually impaired loans	19,154	21,581	157,450	9,456	20,881	567,565	1,118,675	590,531	**2,505,293**

EGP Thousands

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

Loans and advances restructured

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

	Dec. 31, 2015	Dec. 31, 2014
Loans and advances to customer		
Corporate		
- Direct loans	3,126,928	3,243,393
Total	**3,126,928**	**3,243,393**

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

Dec. 31, 2015	Treasury bills and other gov. notes	Trading financial debt instruments	Non-trading financial debt instruments	Total
AAA	-	-	168,408	**168,408**
AA- to AA+	-	-	467,645	**467,645**
A- to A+	-	-	937,758	**937,758**
Lower than A-	-	-	1,087,336	**1,087,336**
Unrated	22,130,170	5,504,524	52,157,353	**79,792,047**
Total	**22,130,170**	**5,504,524**	**54,818,500**	**82,453,194**

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

3.1.8.1. Geographical sectors

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

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

EGP Thousands

Dec. 31, 2015	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Treasury bills and other governmental notes	22,130,170	-	-	**22,130,170**
Trading financial assets:				
- Debt instruments	5,504,524	-	-	**5,504,524**
Gross loans and advances to banks	48,342	-	-	**48,342**
Less:Impairment provision	(9,899)	-	-	**(9,899)**
Gross loans and advances to customers				
Individual:				
- Overdrafts	950,784	474,132	158,317	**1,583,233**
- Credit cards	1,670,160	279,704	51,295	**2,001,159**
- Personal loans	5,383,836	2,218,448	471,338	**8,073,622**
- Mortgages	245,773	46,719	6,325	**298,817**
- Other loans	-	20,881	-	**20,881**
Corporate:				
- Overdrafts	7,413,533	1,310,932	211,754	**8,936,219**
- Direct loans	19,675,531	6,864,143	1,272,063	**27,811,737**
- Syndicated loans	12,150,627	1,634,739	303,420	**14,088,786**
- Other loans	72,402	12,000	-	**84,402**
Unamortized bills discount	(14,375)	-	-	**(14,375)**
Impairment provision	(4,709,107)	-	-	**(4,709,107)**
Unearned interest	(796,670)	(176,141)	(29,858)	**(1,002,669)**
Derivative financial instruments	80,995	-	-	**80,995**
Financial investments:				
-Debt instruments	54,818,500	-	-	**54,818,500**
- Investments in associates	12,600	-	-	**12,600**
Total	**124,627,726**	**12,685,557**	**2,444,654**	**139,757,937**

3.1.8.2. Industry sectors

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

EGP Thousands

Dec. 31, 2015	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Treasury bills and other governmental notes	-	-	-	-	22,130,170	-	-	22,130,170
Trading financial assets:								
- Debt instruments	-	-	-	-	5,504,524	-	-	5,504,524
Gross loans and advances to banks	48,342	-	-	-	-	-	-	48,342
Less:Impairment provision	(9,899)	-	-	-	-	-	-	(9,899)
Gross loans and advances to customers								
Individual:								
- Overdrafts	-	-	-	-	-	-	1,583,233	1,583,233
- Credit cards	-	-	-	-	-	-	2,001,159	2,001,159
- Personal loans	-	-	-	-	-	-	8,073,622	8,073,622
- Mortgages	-	-	-	-	-	-	298,817	298,817
- Other loans	-	-	-	-	-	-	20,881	20,881
Corporate:								
- Overdrafts	6,758	3,203,251	726,278	955,191	966,275	3,078,466	-	8,936,219
- Direct loans	882,127	13,445,533	191,793	490,861	2,723,409	10,078,014	-	27,811,737
- Syndicated loans	20,775	6,802,020	460,605	-	5,723,935	1,081,451	-	14,088,786
- Other loans	9,531	66,321	-	-	-	8,550	-	84,402
Unamortized bills discount	(14,375)	-	-	-	-	-	-	(14,375)
Impairment provision	(17,236)	(2,374,301)	(12,097)	(23,509)	(37,928)	(2,038,804)	(205,232)	(4,709,107)
Unearned interest	(7,217)	(481,652)	-	(4,964)	-	(495,045)	(13,791)	(1,002,669)
Derivative financial instruments	80,995	-	-	-	-	-	-	80,995
Financial investments:								
-Debt instruments	1,573,811	-	-	-	53,244,689	-	-	54,818,500
-Investments in associates	12,600	-	-	-	-	-	-	12,600
Total	**2,586,212**	**20,661,172**	**1,366,579**	**1,417,579**	**90,255,074**	**11,712,632**	**11,758,689**	**139,757,937**

3.2. Market risk

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

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

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

3.2.1. Market risk measurement techniques

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

3.2.1.1. Value at Risk

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

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

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

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

3.2.1.2. Stress tests

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. Therefore, bank computes on a daily basis trading Stress VaR, combined with trading Normal VaR to capture the abnormal movements infinancial 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

EGP Thousands

	Dec. 31, 2015			Dec. 31, 2014		
	Medium	**High**	**Low**	**Medium**	**High**	**Low**
Foreign exchange risk	248	1,894	5	42	351	3
Interest rate risk	**157,097**	**258,851**	**96,690**	**81,711**	**125,871**	**63,594**
- For non trading purposes	134,436	217,625	88,109	70,306	107,791	56,307
- For trading purposes	22,661	41,227	8,581	11,405	18,080	7,288
Equities risk	-	-	-	84	141	-
Portfolio managed by others risk	5,072	7,426	2,689	4,132	6,817	1,108
Investment fund	361	492	287	357	549	223
Total VaR	**156,811**	**257,954**	**96,562**	**81,859**	**126,094**	**63,618**

Trading portfolio VaR by risk type

	Dec. 31, 2015			Dec. 31, 2014		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	248	1,894	5	42	351	3
Interest rate risk						
- For trading purposes	22,661	41,227	8,581	11,405	18,080	7,288
Equities risk	-	-	-	84	141	-
Funds managed by others risk	5,072	7,426	2,689	4,132	6,817	1,108
Investment fund	361	492	287	357	549	223
Total VaR	**23,462**	**41,655**	**11,345**	**12,451**	**18,815**	**8,790**

Non trading portfolio VaR by risk type

	Dec. 31, 2015			Dec. 31, 2014		
	Medium	High	Low	Medium	High	Low
Interest rate risk						
- For non trading purposes	134,436	217,625	88,109	70,306	107,791	56,307
Total VaR	**134,436**	**217,625**	**88,109**	**70,306**	**107,791**	**56,307**

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

3.2.3. Foreign exchange risk

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

Equivalent EGP Thousands

Dec. 31, 2015	EGP	USD	EUR	GBP	Other	Total
Financial assets						
Cash and balances with central bank	9,349,647	356,876	76,434	30,879	35,118	**9,848,954**
Due from banks	8,508,366	9,679,891	2,355,831	330,860	127,357	**21,002,305**
Treasury bills and other governmental notes	18,041,899	4,369,826	589,428	-	-	**23,001,153**
Trading financial assets	5,692,538	155,839	-	-	-	**5,848,377**
Gross loans and advances to banks	-	48,342	-	-	-	**48,342**
Gross loans and advances to customers	36,576,310	24,854,523	1,272,045	114,885	81,093	**62,898,856**
Derivative financial instruments	68,023	12,925	47	-	-	**80,995**
Financial investments						
- Available for sale	44,343,759	1,945,316	-	-	-	**46,289,075**
- Held to maturity	9,261,220	-	-	-	-	**9,261,220**
Investments in associates	12,600	-	-	-	-	**12,600**
Total financial assets	**131,854,362**	**41,423,538**	**4,293,785**	**476,624**	**243,568**	**178,291,877**
Financial liabilities						
Due to banks	303,105	1,241,688	42,426	11,651	1,899	**1,600,769**
Due to customers	113,626,284	36,285,344	4,813,066	461,909	183,319	**155,369,922**
Derivative financial instruments	96,928	48,760	47	-	-	**145,735**
Long term loans	131,328	-	-	-	-	**131,328**
Total financial liabilities	**114,157,645**	**37,575,792**	**4,855,539**	**473,560**	**185,218**	**157,247,754**
Net on-balance sheet financial position	**17,696,717**	**3,847,746**	**(561,754)**	**3,064**	**58,350**	**21,044,123**

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.

Dec. 31, 2015	Up to 1 Month	1-3 Months	3-12 Months	1-5 years	Over 5 years	Non-Interest Bearing	Total
Financial assets							
Cash and balances with central bank	-	-	-	-	-	9,848,954	**9,848,954**
Due from banks	16,368,055	4,150,629	130,424	-	-	353,197	**21,002,305**
Treasury bills and other governmental notes*	1,432,274	4,163,254	17,405,625	-	-	-	**23,001,153**
Trading financial assets	157,338	-	101,151	3,478,339	1,925,032	186,517	**5,848,377**
Gross loans and advances to banks	2,252	838	-	45,252	-	-	**48,342**
Gross loans and advances to customers	39,918,293	7,659,403	9,164,763	5,205,019	951,378	-	**62,898,856**
Derivatives financial instruments (including IRS notional amount)	383,992	37,006	1,120,238	6,584,035	208,712	12,924	**8,346,907**
Financial investments							
- Available for sale	896,975	318,479	3,372,459	30,444,441	10,632,983	623,738	**46,289,075**
- Held to maturity	-	-	5,228	9,018,121	237,871	-	**9,261,220**
Investments in associates	-	-	-	-	-	12,600	**12,600**
Total financial assets	**59,159,179**	**16,329,609**	**31,299,888**	**54,775,207**	**13,955,976**	**11,037,930**	**186,557,789**
Financial liabilities							
Due to banks	1,391,139	73,899	76,604	-	-	59,127	**1,600,769**
Due to customers	63,193,619	16,302,639	15,545,522	32,586,811	1,356,003	26,385,328	**155,369,922**
Derivatives financial instruments (including IRS notional amount)	3,277,069	4,786,309	13,496	286,013	-	48,760	**8,411,647**
Long term loans	46,925	3,649	46,372	34,382	-	-	**131,328**
Total financial liabilities	**67,908,752**	**21,166,496**	**15,681,994**	**32,907,206**	**1,356,003**	**26,493,215**	**165,513,666**
Total interest re-pricing gap	**(8,749,573)**	**(4,836,887)**	**15,617,894**	**21,868,001**	**12,599,973**	**(15,455,285)**	**21,044,123**

** After adding Reverse repos and deducting Repos.*

3.3. Liquidity risk

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

3.3.1. Liquidity risk management process

The Bank's liquidity management process, is carried by the assets and Liabilities Management Department and monitored independently by the Risk Management Department, which includes:

Projecting cash flows by major currency under various stress scenarios and considering the level of liquid assets necessary in relation thereto:

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

3.3.2. Funding approach

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

3.3.3. Non-derivative cash flows

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

Dec. 31, 2015	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP Thousands
Financial liabilities						
Due to banks	1,450,264	73,900	76,605	-	-	**1,600,769**
Due to customers	21,653,305	18,636,129	42,695,183	69,919,823	2,465,482	**155,369,922**
Long term loans	46,925	3,649	46,372	34,382	-	**131,328**
Total liabilities (contractual and non contractual maturity dates)	**23,150,494**	**18,713,678**	**42,818,160**	**69,954,205**	**2,465,482**	**157,102,019**
Total financial assets (contractual and non contractual maturity dates)	**29,723,449**	**15,309,386**	**32,853,492**	**78,479,205**	**22,348,416**	**178,713,948**

Dec. 31, 2014	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP Thousands
Financial liabilities						
Due to banks	1,095,684	-	35,701	-	-	**1,131,385**
Due to customers	19,313,598	18,440,963	41,652,782	41,041,666	1,795,924	**122,244,933**
Long term loans	36,598	21,049	143,678	41,553	-	**242,878**
Total liabilities (contractual and non contractual maturity dates)	**20,445,880**	**18,462,012**	**41,832,161**	**41,083,219**	**1,795,924**	**123,619,196**
Total financial assets (contractual and non contractual maturity dates)	**20,615,797**	**17,495,479**	**39,589,765**	**52,400,429**	**13,549,584**	**143,651,054**

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

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

3.3.4. Derivative cash flows

Derivatives settled on a net basis

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

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

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

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

EGP Thousands

Dec. 31, 2015	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total
Liabilities						
Derivatives financial instruments						
- Foreign exchange derivatives	74,061	12,272	10,641	-	-	**96,974**
- Interest rate derivatives	-	-	-	47,094	1,667	**48,761**
Total	**74,061**	**12,272**	**10,641**	**47,094**	**1,667**	**145,735**

Off balance sheet items

EGP Thousands

Dec. 31, 2015	Up to 1 year	1-5 years	Over 5 years	Total
Letters of credit, guarantees and other commitments	20,632,761	7,382,522	2,992,499	**31,007,782**
Total	**20,632,761**	**7,382,522**	**2,992,499**	**31,007,782**

EGP Thousands

Dec. 31, 2015	Up to 1 year	1-5 years	Over 5 years	Total
Loans commitments (Customers limit authorized not utilized)	21,976,059	2,004,904	256,445	**24,237,408**
Total	**21,976,059**	**2,004,904**	**256,445**	**24,237,408**

3.4. Fair value of financial assets and liabilities

3.4.1. Financial instruments not measured at fair value

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

	Book value		Fair value	
	Dec. 31, 2015	**Dec. 31, 2014**	**Dec. 31, 2015**	**Dec. 31, 2014**
Financial assets				
Due from banks	21,002,305	9,279,896	21,002,305	9,279,896
Gross loans and advances to banks	48,342	132,673	48,342	132,673
Gross loans and advances to customers				
- Individual	11,977,712	8,523,485	11,977,712	8,523,485
- Corporate	50,921,144	45,062,709	50,921,144	45,062,709
Financial investments				
Held to Maturity	9,261,220	9,160,746	9,261,220	9,160,746
Total financial assets	**93,210,723**	**72,159,509**	**93,210,723**	**72,159,509**
Financial liabilities				
Due to banks	1,600,769	1,131,385	1,600,769	1,131,385
Due to customers	155,369,922	122,244,933	155,369,922	122,244,933
Long term loans	131,328	242,878	131,328	242,878
Total financial liabilities	**157,102,019**	**123,619,196**	**157,102,019**	**123,619,196**

Due from banks

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

Loans and advances to banks

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

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

Financial Investments
Investment securities include only interest-bearing assets held to maturity assets classified as available for sale are measured at fair value.

Fair value for held-to-maturity assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

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

3.5 Capital management
For capital management purposes, the Bank's capital includes total equity as reported in the balance sheet plus some other elements that are managed as capital. The Bank manages its capital to ensure that the following objectives are achieved:

- Compliance with the legally imposed capital requirements in Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base to enhance growth of the Bank's operations.

Capital adequacy and the use of regulatory capital are monitored on a daily basis by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the banking supervision unit in the Central Bank of Egypt.

The required data is submitted to the Central Bank of Egypt on a quarterly basis.

Central Bank of Egypt requires the following:

- Maintaining EGP 500 million as a minimum requirement for the issued and paid-in capital.
- Maintaining a minimum level of capital adequacy ratio of 10%, calculated as the ratio between total value of the capital elements, and the risk-weighted assets and contingent liabilities of the Bank.

Tier one:
Tier one, comprised of paid-in capital (after deducting the book value of treasury shares), retained earnings and reserves resulting from the distribution of profits except the banking risk reserve and deducting previously recognized goodwill and any retained losses

Tier two:
Represents the gone concern capital which comprised of general risk provision according to the impairment provision guidelines issued by the Central Bank of Egypt for to the maximum of 1.25% risk weighted assets and contingent liabilities, subordinated loans with more than five years to maturity (amortizing 20% of its carrying amount in each year of the remaining five years to maturity) and 45% of the increase in fair value than book value for available for sale , held to maturity, subsidiaries and associates investments.

When calculating the numerator of capital adequacy ratio, the rules set limits of total tier 2 to no more than tier 1 capital and also limits the subordinated to no more than 50% of tier1.

Assets risk weight scale ranging from zero to 100% based on the counterparty risk to reflect the related credit risk scheme, taking into consideration the cash collatrals. Similar criteria are used for off balance sheet items after adjusting it to reflect the nature of contingency and the potential loss of those amounts. The Bank has complied with all local capital adequacy requirements for the current year.

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

1. The capital adequacy ratio

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Tier 1 capital		Restated**
Share capital (net of the treasury shares)	11,470,603	9,081,734
Goodwill	(209,842)	-
Reserves	2,446,048	4,740,169
Retained Earnings (Losses)	(64,566)	(61,234)
Total deductions from tier 1 capital common equity	(2,440,566)	(625,080)
Total qualifying tier 1 capital	**11,201,677**	**13,135,589**
Tier 2 capital		
45% of special reserve	49	49
45% of the Increase in fair value than the book value for available for sale and held to maturity investments	13,960	15,763
Impairment provision for loans and regular contingent liabilities	997,201	879,836
Total qualifying tier 2 capital	**1,011,210**	**895,648**
Total capital 1+2	**12,212,887**	**14,031,237**
Risk weighted assets and contingent liabilities		
Total credit risk	79,632,761	70,426,788
Total market risk	4,030,778	3,179,692
Total operational risk	12,354,714	10,064,534
Total	**96,018,253**	**83,671,014**
***Capital adequacy ratio (%)**	**12.72%**	**16.77%**

**Based on consolidated financial statement figures and in accordance with Centeral Bank of Egypt regulation issued on 24 December 2012.*
***After 2014 profit distribution.*
After the approval of appropriation account for the year 2015, The capital adequacy ratio will reach 16.23%

2. Leverage ratio

	Dec. 31, 2015 EGP Thousands
Total qualifying tier 1 capital	**11,201,677**
On-balance sheet items & derivatives	182,420,706
Off-balance sheet items	23,484,346
Total exposures	**205,905,052**
***Percentage**	**5.44%**

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

4. Critical accounting estimates and judgments
The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year.

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and available information.

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

4.2. Impairment of available for-sale equity investments

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

4.3. Fair value of derivatives

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

4.4. Held-to-Maturity investments

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

5. Segment analysis

5.1. By business segment

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

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

EGP Thousands

Dec. 31, 2015	Corporate banking	SME's	Investment banking	Retail banking	Total
Revenue according to business segment	7,122,388	1,153,088	206,000	2,473,014	**10,954,490**
Expenses according to business segment	(2,765,212)	(553,913)	(19,855)	(1,161,145)	**(4,500,125)**
Profit before tax	**4,357,176**	**599,175**	**186,145**	**1,311,869**	**6,454,365**
Tax	(1,224,346)	(168,366)	(52,306)	(368,629)	**(1,813,647)**
Profit for the year	**3,132,830**	**430,809**	**133,839**	**943,240**	**4,640,718**
Total assets	**165,571,366**	**1,124,475**	**632,464**	**11,864,786**	**179,193,091**

Dec. 31, 2014	Corporate banking	SME's	Investment banking	Retail banking	Total
Revenue according to business segment	5,338,428	922,342	3,017	1,967,225	**8,231,012**
Expenses according to business segment	(1,425,955)	(401,102)	(15,917)	(964,254)	**(2,807,228)**
Profit before tax	**3,912,473**	**521,240**	**(12,900)**	**1,002,971**	**5,423,784**
Tax	(1,281,309)	(170,703)	4,225	(328,467)	**(1,776,254)**
Profit for the year	**2,631,164**	**350,537**	**(8,675)**	**674,504**	**3,647,530**
Total assets	**130,622,076**	**1,043,034**	**997,115**	**10,984,700**	**143,646,925**

5.2. By geographical segment

EGP Thousands

Dec. 31, 2015	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	9,343,597	1,167,385	443,508	**10,954,490**
Expenses according to geographical segment	(3,877,962)	(420,704)	(201,459)	**(4,500,125)**
Profit before tax	5,465,635	746,681	242,049	**6,454,365**
Tax	(1,535,819)	(209,814)	(68,014)	**(1,813,647)**
Profit for the year	**3,929,816**	**536,867**	**174,035**	**4,640,718**
Total assets	**161,706,218**	**13,712,913**	**3,773,960**	**179,193,091**

Dec. 31, 2014	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	6,941,749	1,027,532	261,731	**8,231,012**
Expenses according to geographical segment	(2,236,547)	(468,508)	(102,173)	**(2,807,228)**
Profit before tax	**4,705,202**	**559,024**	**159,558**	**5,423,784**
Tax	(1,540,923)	(183,077)	(52,254)	**(1,776,254)**
Profit for the year	**3,164,279**	**375,947**	**107,304**	**3,647,530**
Total assets	**131,734,761**	**10,839,735**	**1,072,429**	**143,646,925**

6. Net interest income

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Interest and similar income		
- Banks	366,302	216,234
- Clients	5,147,557	4,361,909
	5,513,859	4,578,143
Treasury bills and bonds	9,154,619	6,855,935
Reverse repos	2,338	6,456
Financial investments in held to maturity and available for sale debt instruments	94,521	109,300
Total	**14,765,337**	**11,549,834**
Interest and similar expense		
- Banks	(79,801)	(77,885)
- Clients	(6,561,613)	(5,194,167)
	(6,641,414)	(5,272,052)
Financial instruments purchased with a commitment to re-sale (Repos)	(7,762)	-
Other	(832)	(2,081)
Total	**(6,650,008)**	**(5,274,133)**
Net interest income	**8,115,329**	**6,275,701**

7. Net fee and commission income

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Fee and commission income		
Fee and commissions related to credit	1,041,382	970,138
Custody fee	73,268	58,404
Other fee	817,404	640,682
Total	**1,932,054**	**1,669,224**
Fee and commission expense		
Other fee paid	(299,696)	(181,498)
Total	**(299,696)**	**(181,498)**
Net income from fee and commission	**1,632,358**	**1,487,726**

8. Dividend income

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Trading securities	4,060	-
Available for sale securities	31,002	27,502
Subsidiaries and associates	-	1,012
Total	**35,062**	**28,514**

9. Net trading income

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Profit (losses) from foreign exchange	214,574	258,844
Profit (losses) from revaluations of trading assets and liabilities in foreign currencies	96	1,569
Profit (Loss) from forward foreign exchange deals revaluation	2,928	(6,266)
Profit (Loss) from interest rate swaps revaluation	(9,240)	(1,282)
Profit (Loss) from currency swap deals revaluation	7,752	(38,002)
Trading debt instruments	494,288	501,421
Trading equity instruments	-	717
Total	**710,398**	**717,001**

10. Administrative expenses

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
1. Staff costs		
- Wages and salaries	(993,761)	(834,488)
- Social insurance	(54,836)	(44,716)
- Other benefits	(37,328)	(36,243)
2. Other administrative expenses	**(942,479)**	**(789,053)**
Total	**(2,028,404)**	**(1,704,500)**

11. Other operating (expenses) income

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Profits from non-trading assets and liabilities revaluation	42,062	3,396
Profits from selling property, plant and equipment	564	2,106
Charges of other provisions	(135,361)	(278,058)
Others operating expenses	(477,265)	(489,973)
Total	**(570,000)**	**(762,529)**

12. Impairment charge for credit losses

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Loans and advances to customers	(1,682,439)	(588,794)
Total	**(1,682,439)**	**(588,794)**

13. Adjustments to calculate the effective tax rate

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Profit after settlement	6,454,365	5,423,784
* Tax rate	22.50%	25% - 30%
Income tax based on accounting profit	**1,452,232**	**1,627,085**
Add / (Deduct)		
Non-deductible expenses	278,391	39,860
Tax exemptions	(99,540)	(51,448)
Effect of provisions	186,533	165,555
Depreciation	(6,536)	(4,798)
10% Withholding tax	2,567	-
Income tax / Deferred tax	**1,813,647**	**1,776,254**
Effective tax rate	**28.10%**	**32.75%**

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

14. Earning per share

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Net profit for the year available for distribution	4,639,648	3,644,902
Board member's bonus	(69,595)	(54,674)
Staff profit sharing	(463,965)	(364,490)
Profits shareholders' Stake	**4,106,088**	**3,225,738**
Average number of shares	1,147,060	1,147,060
Basic earning per share	**3.58**	**2.81**
By issuance of ESOP earning per share will be:		
Average number of shares including ESOP shares	1,162,617	1,162,311
Diluted earning per share	**3.53**	**2.78**

15. Cash and balances with central bank

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Cash	1,580,752	2,109,660
Obligatory reserve balance with CBE		
- Current accounts	8,268,202	5,392,596
Total	**9,848,954**	**7,502,256**
Non-interest bearing balances	**9,848,954**	**7,502,256**

16. Due from banks

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Current accounts	1,386,078	775,320
Deposits	19,616,227	8,504,576
Total	**21,002,305**	**9,279,896**
Central banks	14,121,507	4,297,194
Local banks	3,263,306	870,215
Foreign banks	3,617,492	4,112,487
Total	**21,002,305**	**9,279,896**
Non-interest bearing balances	353,197	420,477
Fixed interest bearing balances	20,649,108	8,859,419
Total	**21,002,305**	**9,279,896**
Current balances	21,002,305	9,279,896
Total	**21,002,305**	**9,279,896**

17. Treasury bills and other governmental notes

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
91 Days maturity	5,595,527	8,529,866
182 Days maturity	7,513,324	8,293,655
364 Days maturity	9,892,302	15,107,327
Unearned interest	(870,983)	(1,469,221)
Total 1	**22,130,170**	**30,461,627**
Reverse repos treasury bonds	-	77,775
Total 2	**-**	**77,775**
Net	**22,130,170**	**30,539,402**

18. Trading financial assets

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Debt instruments		
- Governmental bonds	5,504,524	3,335,297
Total	**5,504,524**	**3,335,297**
Equity instruments		
- Mutual funds	157,336	150,806
Total	**157,336**	**150,806**
- Portfolio managed by others	186,517	241,468
Total	**5,848,377**	**3,727,571**

19. Loans and advances to banks, net

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Time and term loans	48,342	132,673
Less:Impairment provision	(9,899)	(14,582)
Total	**38,443**	**118,091**
Current balances	3,090	93,035
Non-current balances	35,353	25,056
Total	**38,443**	**118,091**

Analysis for impairment provision of loans and advances to banks

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Beginning balance	(14,582)	(21,411)
Release during the year	4,902	6,915
Exchange revaluation difference	(219)	(86)
Ending balance	**(9,899)**	**(14,582)**

20. Loans and advances to customers, net

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Individual		
- Overdraft	1,583,233	1,438,217
- Credit cards	2,001,159	1,010,014
- Personal loans	8,073,622	5,729,054
- Real estate loans	298,817	325,266
- Other loans	20,881	20,934
Total 1	**11,977,712**	**8,523,485**
Corporate		
- Overdraft	8,936,219	7,192,728
- Direct loans	27,811,737	25,008,383
- Syndicated loans	14,088,786	12,645,169
- Other loans	84,402	216,429
Total 2	**50,921,144**	**45,062,709**
Total Loans and advances to customers (1+2)	**62,898,856**	**53,586,194**
Less:		
Unamortized bills discount	(14,375)	(5,568)
Impairment provision	(4,709,107)	(3,441,757)
Unearned interest	(1,002,669)	(859,052)
Net loans and advances to customers	**57,172,705**	**49,279,817**
Distributed to		
Current balances	25,011,678	21,190,611
Non-current balances	32,161,027	28,089,206
Total	**57,172,705**	**49,279,817**

Analysis for impairment provision of loans and advances to customers

	Individual					
Dec. 31, 2015	**Overdraft**	**Credit cards**	**Personal loans**	**Real estate loans**	**Other loans**	**Total**
Beginning balance	(10,550)	(7,434)	(81,153)	(8,422)	(20,934)	**(128,493)**
(Charged) released during the year	(1,281)	(28,331)	(59,317)	(1,770)	53	**(90,646)**
Write off during the year	-	14,120	5,148	-	-	**19,268**
Recoveries during the year	(4)	(5,340)	(17)	-	-	**(5,361)**
Ending balance	**(11,835)**	**(26,985)**	**(135,339)**	**(10,192)**	**(20,881)**	**(205,232)**

	Corporate				
Dec. 31, 2015	**Overdraft**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
Beginning balance	(491,763)	(2,172,426)	(644,225)	(4,850)	**(3,313,264)**
(Charged) released during the year	(79,462)	(1,201,442)	(349,313)	3,523	**(1,626,694)**
Write off during the year	-	545,777	-	-	**545,777**
Recoveries during the year	-	(3,399)	-	-	**(3,399)**
Exchange revaluation difference	(18,395)	(57,212)	(30,688)	-	**(106,295)**
Ending balance	**(589,620)**	**(2,888,702)**	**(1,024,226)**	**(1,327)**	**(4,503,875)**

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

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

21. Derivative financial instruments

21.1. Derivatives

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

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

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

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

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

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

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

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

21.1.1. For trading derivatives

EGP Thousands

	Dec. 31, 2015 Notional amount	Assets	Liabilities	Dec. 31, 2014 Notional amount	Assets	Liabilities
Foreign currencies derivatives						
- Forward foreign exchange contracts	972,438	16,766	25,683	1,761,253	2,364	14,209
- Currency swap	3,448,349	51,258	71,244	3,928,336	19,857	47,594
- Options	26,830	47	47	319,390	3,887	3,713
Total 1		**68,071**	**96,974**		**26,108**	**65,516**
Interest rate derivatives						
- Interest rate swaps	14,687	395	-	278,504	1,575	434
Total 2		**395**	-		**1,575**	**434**
Total assets (liabilities) for trading derivatives (1+2)		**68,466**	**96,974**		**27,683**	**65,950**

21.1.2. Fair value hedge

EGP Thousands

	Dec. 31, 2015 Notional amount	Assets	Liabilities	Dec. 31, 2014 Notional amount	Assets	Liabilities
Interest rate derivatives						
- Governmental debt instruments hedging	286,014	-	26,296	621,189	-	63,402
- Customers deposits hedging	7,965,211	12,529	22,465	4,276,937	24,505	7,823
Total 3		**12,529**	**48,761**		**24,505**	**71,225**
Total financial derivatives (1+2+3)		**80,995**	**145,735**		**52,188**	**137,175**

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 26,296 thousand at December 31, 2015 against EGP 63,402 thousand at the December 31, 2014, Resulting in net gains form hedging instruments at December 31, 2015 EGP 37,106 thousand against net losses EGP 5,926 thousand at the December 31, 2014. Losses arises from the hedged items at December 31, 2015 reached EGP 48,941 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 9,936 thousand at the end of December 31, 2015 against EGP 16,682 thousand at December 31, 2014, Resulting in net losses form hedging instruments atDecember 31, 2015 EGP 26,618 thousand against net losses EGP 21,380 thousand at December 31, 2014. Gains arises from the hedged items at December 31, 2015 reached EGP 27,540 thousand against gains EGP 45,094 thousand at December 31 , 2014.

22. Financial investments

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Available for sale		
- Listed debt instruments with fair value	45,589,793	27,249,861
- Listed equity instruments with fair value	28,496	87,770
- Unlisted instruments	670,786	350,779
Total	**46,289,075**	**27,688,410**
Held to maturity		
- Listed debt instruments	9,228,707	9,133,233
- Unlisted instruments	32,513	27,513
Total	**9,261,220**	**9,160,746**
Total financial investment	**55,550,295**	**36,849,156**
- Actively traded instruments	53,957,991	35,603,511
- Not actively traded instruments	1,592,304	1,245,645
Total	**55,550,295**	**36,849,156**
Fixed interest debt instruments	53,244,689	35,211,927
Floating interest debt instruments	1,573,811	1,171,168
Total	**54,818,500**	**36,383,095**

	Available for sale financial investments	Held to maturity financial investments	Total EGP Thousands
Beginning balance	23,363,501	4,187,174	**27,550,675**
Addition	9,080,132	4,973,572	**14,053,704**
Deduction (selling - redemptions)	(4,854,894)	-	**(4,854,894)**
Exchange revaluation differences for foreign financial assets	38,176	-	**38,176**
Profit (losses) from fair value difference	121,246	-	**121,246**
Impairment (charges) release	(59,751)	-	**(59,751)**
Ending Balance as of Dec. 31, 2014	**27,688,410**	**9,160,746**	**36,849,156**
Beginning balance	**27,688,410**	**9,160,746**	**36,849,156**
Addition	25,392,460	4,019,548	**29,412,008**
Deduction (selling - redemptions)	(5,138,456)	(3,919,074)	**(9,057,530)**
Exchange revaluation differences for foreign financial assets	96,638	-	**96,638**
Profit (losses) from fair value difference	(1,572,274)	-	**(1,572,274)**
Impairment (charges) release	(177,703)	-	**(177,703)**
Ending Balance as of Dec. 31, 2015	**46,289,075**	**9,261,220**	**55,550,295**

22.1. Profits (Losses) on financial investments

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Profit (Loss) from selling available for sale financial instruments	163,270	82,907
Impairment release (charges) of available for sale equity instruments	(177,703)	(59,762)
Profit (Loss)from selling investments in associates	285,431	-
Impairment release (charges) of subsidiaries and associates	-	(52,480)
Total	**270,998**	**(29,335)**

23. Investments in subsidiary and associates

EGP Thousands

Dec. 31, 2015	Company's country	Company's assets	Company's liabilities (without equity)	Company's revenues	Company's net profit	Investment book value	Stake %
Associates							
- Haykala for investment	Egypt	5,010	211	272	41	600	40
- Egypt Factors	Egypt	313,515	272,665	20,827	(15,672)	-	49
- International Co. for Security and Services (Falcon)	Egypt	193,470	109,644	257,943	36,190	12,000	40
Total		**511,995**	**382,520**	**279,042**	**20,559**	**12,600**	

EGP Thousands

Dec. 31, 2014	Company's country	Company's assets	Company's liabilities (without equity)	Company's revenues	Company's net profit	Investment book value	Stake %
Subsidiaries							
- CI Capital Holding	Egypt	1,438,265	1,031,208	289,183	89,855	428,011	99.98
Associates							
- Commercial International Life Insurance	Egypt	2,861,447	2,762,148	267,286	8,671	49,020	45
- Corplease	Egypt	2,374,952	2,148,954	413,070	22,437	75,055	43
- Haykala for Investment	Egypt	4,742	236	276	155	600	40
- Egypt Factors	Egypt	401,466	345,515	33,711	(1,488)	-	39
- International Co. for Security and Services (Falcon)	Egypt	141,818	102,994	148,811	8,229	12,000	40
Total		**7,222,690**	**6,391,055**	**1,152,337**	**127,859**	**564,686**	

24. Investment properties

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Land No. A2-Q46 Al-koseer Marsa Allam	-	2,642
Land, warehouse, 9 property and 2 housing units Al-koseer Marsa Allam	-	65,950
Land No. M8A and M8A8 and M9A Al-koseer Marsa Allam	-	815,502
Total	-	**884,094**

25. Other assets

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Accrued revenues	2,903,149	1,871,618
Prepaid expenses	123,436	102,250
Advances to purchase of fixed assets	157,202	145,170
Accounts receivable and other assets	1,547,660	1,590,106
Assets acquired as settlement of debts	52,569	27,351
Insurance	15,921	8,867
Total	**4,799,937**	**3,745,362**

26. Property, plant and equipment

Dec. 31, 2015	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total EGP Thousands
Beginning gross assets (1)	64,709	714,152	1,059,732	65,479	442,793	358,994	125,705	**2,831,564**
Additions during the year	-	108,494	132,782	4,682	40,424	56,801	5,936	**349,119**
Ending gross assets (2)	**64,709**	**822,646**	**1,192,514**	**70,161**	**483,217**	**415,795**	**131,641**	**3,180,683**
Accumulated depreciation at beginning of the year (3)	-	237,385	795,498	38,961	370,597	293,995	112,832	**1,849,268**
Current period depreciation	-	36,383	102,086	3,289	43,251	33,702	4,799	**223,510**
Accumulated depreciation at end of the year (4)	-	**273,768**	**897,584**	**42,250**	**413,848**	**327,697**	**117,631**	**2,072,778**
Ending net assets (2-4)	**64,709**	**548,878**	**294,930**	**27,911**	**69,369**	**88,098**	**14,010**	**1,107,905**
Beginning net assets (1-3)	**64,709**	**476,767**	**264,234**	**26,518**	**72,196**	**64,999**	**12,873**	**982,296**
Depreciation rates		%5	%33.3	%20	%33.3	%20	%20	

Net fixed assets value on the balance sheet date includes EGP 57,328 thousand non registered assets while their registrations procedures are in process.

27. Due to banks

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Current accounts	224,002	945,684
Deposits	1,376,767	185,701
Total	**1,600,769**	**1,131,385**
Central banks	816,844	12,386
Local banks	271,845	221,043
Foreign banks	512,080	897,956
Total	**1,600,769**	**1,131,385**
Non-interest bearing balances	59,127	899,657
Fixed interest bearing balances	1,541,642	231,728
Total	**1,600,769**	**1,131,385**
Current balances	224,002	945,684
Non-current balances	1,376,767	185,701
Total	**1,600,769**	**1,131,385**

28. Due to customers

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Demand deposits	43,418,352	30,772,031
Time deposits	42,996,421	35,408,462
Certificates of deposit	37,518,922	31,001,139
Saving deposits	25,790,179	21,603,688
Other deposits	5,646,048	3,459,613
Total	**155,369,922**	**122,244,933**
Corporate deposits	82,320,757	62,204,313
Individual deposits	73,049,165	60,040,620
Total	**155,369,922**	**122,244,933**
Non-interest bearing balances	26,385,328	20,995,342
Fixed interest bearing balances	128,984,594	101,249,591
Total	**155,369,922**	**122,244,933**
Current balances	115,250,582	88,570,065
Non-current balances	40,119,340	33,674,868
Total	**155,369,922**	**122,244,933**

29. Long term loans

	Interest rate %	Maturity date	Maturing through next year EGP Thousands	Balance on Dec. 31, 2015 EGP Thousands	Balance on Dec. 31, 2014 EGP Thousands
Financial Investment & Sector Cooperation (FISC)	3.5 - 5.5 depends on maturity date	3-5 years	3,889	3,889	-
Environmental Compliance Project (ECO)	3.5 - 5.5 depends on maturity date	3-5 years	550	550	1,690
Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	12,000	28,000	105,075
Social Fund for Development (SFD)	3 months T/D or 9% which is more	04/01/2020	28,472	98,889	136,113
Total			**44,911**	**131,328**	**242,878**

30. Other liabilities

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Accrued interest payable	763,040	636,876
Accrued expenses	586,640	458,842
Accounts payable	1,078,821	1,160,511
Other credit balances	193,768	285,736
Total	**2,622,269**	**2,541,965**

31. Other provisions

Dec. 31, 2015	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance EGP Thousands
Provision for income tax claims	6,910	-	-	-	-	6,910
Provision for legal claims	40,247	1,686	53	(157)	(505)	41,324
Provision for Stamp Duty	31,000	-	-	-	-	31,000
Provision for contingent	620,546	125,764	12,863	-	-	759,173
* Provision for other claim	19,653	8,416	414	(5,129)	-	23,354
Total	**718,356**	**135,866**	**13,330**	**(5,286)**	**(505)**	**861,761**

Dec. 31, 2014	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance EGP Thousands
Provision for income tax claims	6,910	-	-	-	-	6,910
Provision for legal claims	28,772	13,143	18	(1,230)	(456)	40,247
Provision for Stamp Duty	31,000	-	-	-	-	31,000
Provision for contingent	362,720	261,689	(3,863)	-	-	620,546
Provision for other claim	21,353	3,682	(12)	(5,370)	-	19,653
Total	**450,755**	**278,514**	**(3,857)**	**(6,600)**	**(456)**	**718,356**

** Provision for other claim formed on December 31, 2015 amounted to EGP 8,416 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 11,470,603 thousand to be divided on 1,147,060 thousand shares with EGP 10 par value for each share and registered in the commercial register dated 19th November 2015

- Increase issued and Paid in Capital by amount EGP 2,294,121 thousand on December 10, 2015 according to Ordinary General Assembly Meeting decision on March 12 ,2015 by distribution of a one share for every four outstanding shares by capitalizing on the General Reserve.
- Increase issued and Paid in Capital by amount EGP 94,748 thousand On April 5,2015 to reach EGP 9,176,482 thousand according to Board of Directors decision on November 11, 2014 by issuance of sixth tranch for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 79,299 thousand On March 23,2014 to reach EGP 9,081,734 thousand according to Board of Directors decision on December 10, 2013 by issuance of fifth tranch for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 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 29,348 thousand On April 7,2013 to reach EGP 6,001,624 thousand according to Board of Directors decision on october 24,2012 by issuance of fourth tranch for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 37,712 thousand on April 9, 2012 in according to Board of Directors decision on December 22,2011 by issuance of third tranch for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 33,119 thousand on July 31, 2011 in according to Board of Directors decision on November 10,2010 by issuance of second tranch for E.S.O.P program.
- The Extraordinary General Assembly approved in the meeting of June 26, 2006 to activate a motivating and rewarding program for the Bank's employees and managers through Employee Share Ownership Plans (ESOP) by issuing a maximum of 5% of issued and paid-in capital at par value ,through 5 years starting year 2006 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.
- The Extraordinary General Assembly approved in the meeting of April 13,2011 continue to activate a motivating and rewarding program for The Bank's employees and managers through Employee Share Ownership Plans (ESOP) by issuing a maximum of 5% of issued and paid- in capital at par value ,through 5 years starting year 2011 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.
- Dividend deducted from shareholders' equity in the Year that the General Assembly approves the dispersment of this dividend, which includes staff profit share and remuneration of the Board of Directors stated in the law.

32.2. Reserves

According to The Bank status 5% of net profit is to increase legal reserve until it reaches 50% of The Bank's issued and paid in capital.

Central Bank of Egypt concurrence for usage of special reserve is required.

33. Deferred tax assets (Liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets (Liabilities) Dec. 31, 2015 EGP Thousands	Assets (Liabilities) Dec. 31, 2014 EGP Thousands
Fixed assets (depreciation)	(22,367)	(26,145)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	14,553	17,970
Intangible Assets & Good will	3,255	-
Other investments impairment	123,243	82,888
Reserve for employee stock ownership plan (ESOP)	60,870	47,397
Interest rate swaps revaluation	335	-
Trading investment revaluation	78,927	-
Forward foreign exchange deals revaluation	(659)	-
Total	**258,157**	**122,110**

34. Share-based payments

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

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

	Dec. 31, 2015 No. of shares in thousand	Dec. 31, 2014 No. of shares in thousand
Outstanding at the beginning of the year	21,872	23,918
Granted during the year*	8,653	7,038
Forfeited during the year	(677)	(1,154)
Exercised during the year	(9,475)	(7,930)
Outstanding at the end of the year	**20,373**	**21,872**

Details of the outstanding tranches are as follows:

Maturity date	EGP Exercise price	EGP Fair value *	No. of shares in thousand
2016	10.00	13.47	6,806
2017	10.00	18.27	8,139
2018	10.00	31.67	5,428
Total			**20,373**

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

	9th tranche	8th tranche
Exercise price	10	10
Current share price	39.35	26.06
Expected life (years)	3	3
Risk free rate %	13.40%	12.40%
Dividend yield%	2.00%	3.07%
Volatility%	31%	35%

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

** The equity instruments fair value and number of shares for the seventh,eighth and ninth trenches have been adjusted to reflect the dilution effect of the Stock dividend that took place in 2015.*

35. Reserves

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Legal reserve	803,355	621,084
General reserve	1,518,525	1,850,648
Special reserve	30,214	28,108
Reserve for A.F.S investments revaluation difference	(2,202,463)	(593,237)
Banking risks reserve	2,513	1,991
Total	**152,144**	**1,908,594**

35.1. Banking risks reserve

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

35.2. Legal reserve

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

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

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Beginning balance	(593,237)	(720,468)
Unrealized losses from A.F.S investment revaluation	(1,609,226)	127,231
Ending balance	**(2,202,463)**	**(593,237)**

36. Cash and cash equivalent

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Cash and balances with central bank	9,848,954	7,502,256
Due from banks	21,002,305	9,279,896
Treasury bills and other governmental notes	22,130,170	30,539,402
Obligatory reserve balance with CBE	(8,268,202)	(5,392,596)
Due from banks with maturities more than three months	(15,478,335)	(5,007,412)
Treasury bills with maturities more than three months	(16,612,361)	(22,110,186)
Total	**12,622,531**	**14,811,360**

37. Contingent liabilities and commitments

37.1. Legal claims

There are a number of existing cases filed against the bank on December 31,2015 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 15,460 thousand as follows:

	Investments value	Paid	Remaining
Available for sale financial investments	77,301	61,841	**15,460**

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 50,013 thousand.

37.3. Letters of credit, guarantees and other commitments

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Letters of guarantee	29,640,729	23,262,617
Letters of credit (import and export)	862,279	1,289,834
Customers acceptances	504,774	757,509
Total	**31,007,782**	**25,309,960**

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Loans commitments (Customers limit authorized not utilized)	24,237,408	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 18,902,970 with redeemed value EGP 4,793,982 thousands.
- The market value per certificate reached EGP 253.61 on December 31, 2015.
- The Bank portion got 601,064 certificates with redeemed value EGP 152,436 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 1,109,595 with redeemed value EGP83,841 thousands.
- The market value per certificate reached EGP 75.56 on December 31, 2015.
- The Bank portion got 194,744 certificates with redeemed value EGP 14,715 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 670,405 with redeemed value EGP 29,994 thousands.
- The market value per certificate reached EGP 44.74 on December 31, 2015.
- The Bank portion got 71,943 certificates with redeemed value EGP 3,219 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 164,560 with redeemed value EGP 24,646 thousands.
- The market value per certificate reached EGP 149.77 on December 31, 2015.
- The Bank portion got 50,000 certificates with redeemed value EGP 7,489 thousands.

Thabat fund

- CIB bank established an accumulated return mutual fund under license no.613 issued from financial supervisory authority on September 13, 2011. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 1,997,530 with redeemed value EGP 320,604 thousands.
- The market value per certificate reached EGP 160.50 on December 31, 2015.
- The Bank portion got 52,404 certificates with redeemed value EGP 8,411 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 501,219 with redeemed value EGP 44,779 thousands.
- The market value per certificate reached EGP 89.34 on December 31, 2015.
- The Bank portion got 59,809 certificates with redeemed value EGP 5,343 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	784,014
Deposits	286,691
Contingent liabilities	286,741

39.2. Other transactions with related parties

	Income EGP Thousands	Expenses EGP Thousands
International Co. for Security & Services	439	83,668
Corplease Co.	30,933	343
Commercial International Brokerage Co.	8,782	6,745
Dynamics Company	11	647
Egypt Factors	12,947	135
CI Assets Management	416	7
Commercial International Capital Holding Co.	53,681	562
Haykala for Investment	660	281

40. Main currencies positions

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Egyptian pound	166,732	(141,124)
US dollar	(191,276)	63,391
Sterling pound	(660)	(279)
Japanese yen	356	20
Swiss franc	32	(442)
Euro	(8,018)	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 2012.

Corporate income tax annual return is submitted.

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's stamp duty tax is under re-examination for the period from 1/8/2006 till 30/9/2015 accoding to the protocol between the Federation of Egyptian banks and the tax authority.

42. Goodwill and Intangible assets:

CIB acquired Citibank - Egypt's retail banking portfolio and card business on 29/10/2015.

The acquired portfolio balances as of 31/12/2015 are:

	Dec. 31, 2015 EGP Thousands
Loans and advances to customers	1,078,684
Due to customers	1,380,765

Due to the acquisition process Goodwill and Intangible assets have been arisen with the following balances :

42.1. Goodwill:

Book value at acquisition	217,078
Amortization	(7,236)
Net book value	**209,842**

42.2. Intangible assets:

Book value at acquisition	651,041
Amortization	(21,701)
Net book value	**629,340**

According to Central Bank of Egypt regulation issued on Dec 16, 2008, an amortization of 20% annualy has been applied on goodwill and intangible assets starting from acquisition date.

43. Non-current assets held for sale

Subsidiaries	Dec. 31, 2015 EGP Thousands Investment book value
- CI Capital Holding	428,011

CIB Board of Directors initially agreed to carry out acts of the due diligence examination for CI Capital Holding during the meeting held in to determine the company's fair value for the purpose of selling the bank's full stake.

Associates	
- Corplease	**75,055**

CI Capital Holding acquired 100% from Commercial International Bank's stake in Corporate Leasing Company Egypt (Corplease) associate-, which represents 43% of Corplease shares.According to the agreement with Commercial International Bank, transfer of risk and rewards of ownership of Corplease, shares will take place after CI Capital Holding Board of Directors meeting held to approve the financialstatements of CI Capital Holding for the year ended 31 December 2015 .

Allied for Accounting & Auditing EY
Public accountants & consultants

KPMG Hazem Hassan
Public accountants & consultants

AUDITORS' REPORT

To the Shareholders of Commercial International Bank - Egypt

We have audited the accompanying consolidated financial statements of Commercial International Bank (Egypt) S.A.E, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the consolidated Financial Statements

These consolidated financial statements are the responsibility of Bank's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation & the financial statements, issued on December 16, 2008 and in light of the prevailing Egyptian laws , management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Commercial International Bank (Egypt) as of December 31, 2015 and of its financial performance and its cash flows for the year then ended in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation & the financial statements, issued on December 16, 2008 and the Egyptian laws and regulations relating to the preparation of these financial statements.

Auditors

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

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

Cairo, 10 February 2016

Commercial International Bank (Egypt) S.A.E

Consolidated balance sheet as at December 31, 2015

	Notes	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Assets			
Cash and balances with central bank	15	9,848,954	7,502,256
Due from banks	16	21,002,305	9,521,999
Treasury bills and other governmental notes	17	22,130,170	30,548,890
Trading financial assets	18	5,848,377	3,762,718
Loans and advances to banks, net	19	38,443	118,091
Loans and advances to customers, net	20	56,797,576	48,685,630
Non-current assets held for sale	43	1,066,270	-
Derivative financial instruments	21	80,995	52,188
Financial investments			
- Available for sale	22	46,289,075	27,702,122
- Held to maturity	22	9,261,220	9,160,746
Investments in associates	23	159,983	181,661
Brokerage clients - debit balances		-	771,612
Investment properties	24	-	884,094
Other assets	25	4,789,291	3,814,075
Goodwill	42	209,842	-
Intangible assets	42	629,340	-
Deferred tax assets (Liabilities)	33	258,157	121,737
Property, plant and equipment	26	1,090,181	985,504
Total assets		**179,500,179**	**143,813,323**
Liabilities and equity			
Liabilities			
Due to banks	27	1,600,769	1,131,385
Due to customers	28	155,234,416	121,974,959
Non-current liabilities held for sale	43	371,622	-
Brokerage clients - credit balances		-	360,145
Reconciliation accounts - credit balances		-	8,975
Derivative financial instruments	21	145,735	137,175
Current tax liabilities		1,949,694	1,814,609
Other liabilities	30	2,622,269	2,609,452
Long term loans	29	131,328	242,878
Other provisions	31	861,761	730,312
Total liabilities		**162,917,594**	**129,009,890**
Equity			
Issued and paid up capital	32	11,470,603	9,081,734
Reserves	32	151,993	1,908,443
Reserve for employee stock ownership plan (ESOP)		248,148	177,766
Retained losses		(64,566)	(155,160)
Total equity		**11,806,178**	**11,012,783**
Net profit for the year		4,728,976	3,741,456
Total equity and net profit for year		**16,535,154**	**14,754,239**
Minority interest		47,431	49,194
Total minority interest , equity and net profit for year		**16,582,585**	**14,803,433**
Total liabilities, equity, minority interest and net profit for year		**179,500,179**	**143,813,323**

The accompanying notes are an integral part of these financial statements.

Hisham Ezz Al-Arab
Chairman and Managing Director

Commercial International Bank (Egypt) S.A.E

Consolidated income statement for the year ended on December 31, 2015

	Notes	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Continued Operations			
Interest and similar income		14,765,337	11,549,834
Interest and similar expense		(6,650,008)	(5,274,133)
Net interest income	6	**8,115,329**	**6,275,701**
Fee and commission income		1,932,054	1,669,224
Fee and commission expense		(299,696)	(181,498)
Net fee and commission income	7	**1,632,358**	**1,487,726**
Dividend income	8	35,062	27,501
Net trading income	9	710,398	717,001
Profits (Losses) on financial investments	22	270,998	(29,335)
Administrative expenses	10	(2,028,404)	(1,704,500)
Other operating (expenses) income	11	(570,000)	(762,529)
Goodwill amortization	42	(7,236)	-
Intangible assets amortization	42	(21,701)	-
Impairment charge for credit losses	12	(1,682,439)	(588,794)
Bank's share in the profits of associates		27,829	24,510
Profit before income tax		**6,482,194**	**5,447,281**
Income tax expense	13	(1,949,694)	(1,814,609)
Deferred tax assets (Liabilities)	33 & 13	136,047	38,355
Net profit from continued operations		**4,668,547**	**3,671,027**
Discontinued Operations			
Net profit from discontinued operations	43	61,115	72,218
Net profit for the year		**4,729,662**	**3,743,245**
Minority interest		686	1,789
Bank shareholders		**4,728,976**	**3,741,456**
Earning per share	14		
Basic		**3.58**	2.81
Diluted		3.53	2.78

Hisham Ezz Al-Arab
Chairman and Managing Director

Commercial International Bank (Egypt) S.A.E

Consolidated cash flow for the year ended on December 31, 2015

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Cash flow from operating activities		
Profit before income tax from continued operations	6,482,194	5,447,281
Profit before income tax from Discontinued Operations	71,161	89,057
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	188,256	218,322
Impairment charge for credit losses	1,682,439	588,794
Other provisions charges	135,866	286,724
Trading financial investments revaluation differences	353,590	(4,957)
Available for sale and held to maturity investments exchange revaluation differences	(96,638)	(38,176)
Goodwill amortization	7,236	-
Intangible assets amortization	21,701	-
Financial investments impairment charge (release)	140,751	65,748
Utilization of other provisions	(17,242)	(6,798)
Other provisions no longer used	(505)	(456)
Exchange differences of other provisions	13,330	(3,857)
Profits from selling property, plant and equipment	(564)	(2,106)
Profits from selling financial investments	(163,270)	(83,131)
Profits from selling associates	(285,431)	-
Shares based payments	133,395	99,857
Investments in associates revaluation	(27,829)	27,969
Operating profits before changes in operating assets and liabilities	**8,638,440**	**6,684,271**
Net decrease (increase) in assets and liabilities		
Due from banks	(13,346,479)	(2,138,848)
Treasury bills and other governmental notes	5,497,825	(4,897,448)
Trading financial assets	(2,439,249)	(1,462,541)
Derivative financial instruments	(20,247)	73,193
Loans and advances to banks and customers	(9,714,737)	(7,526,841)
Other assets	(1,273,556)	(1,373,214)
Goodwill	(217,078)	-
Intangible Assets	(651,041)	-
Due to banks	469,384	(242,025)
Due to customers	33,259,457	25,129,276
Income tax obligations paid	(1,814,609)	(1,179,709)
Other liabilities	15,319	1,317,572
Net cash provided from operating activities	**18,403,429**	**14,383,686**
Cash flow from investing activities		
Payment for purchase of subsidiary and associates	-	(16,877)
Proceeds from selling subsidiary and associates	334,451	-
Payment for purchases of property, plant, equipment and branches constructions	(304,401)	(243,387)
Proceeds from redemption of held to maturity financial investments	3,919,074	-
Payment for purchases of held to maturity financial investments	(4,019,548)	(4,963,569)
Payment for purchases of available for sale financial investments	(25,392,460)	(9,079,241)
Proceeds from selling available for sale financial investments	5,315,438	4,938,025
Proceeds (payments) from real estate investments	884,094	(884,094)
Net cash used in investing activities	**(19,263,352)**	**(10,249,143)**

Commercial International Bank (Egypt) S.A.E

Consolidated cash flow for the year ended on December 31, 2015 (Cont.)

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Cash flow from financing activities		
Increase (decrease) in long term loans	(111,550)	110,725
Dividend paid	(1,563,646)	(1,253,338)
Capital increase	94,748	79,299
Net cash used in financing activities	**(1,580,448)**	**(1,063,314)**
Net increase (decrease) in cash and cash equivalent during the year	(2,440,371)	3,071,229
Beginning balance of cash and cash equivalent	15,062,902	11,991,673
Cash and cash equivalent at the end of the year	**12,622,531**	**15,062,902**
Cash and cash equivalent comprise:		
Cash and balances with central bank	9,848,954	7,502,256
Due from banks	21,002,305	9,521,999
Treasury bills and other governmental notes	22,130,170	30,548,890
Obligatory reserve balance with CBE	(8,268,202)	(5,392,596)
Due from banks with maturities more than three months	(15,478,335)	(5,007,462)
Treasury bills with maturity more than three months	(16,612,361)	(22,110,185)
Total cash and cash equivalent	**12,622,531**	**15,062,902**

Commercial International Bank (Egypt) S.A.E

Consolidated statement of changes in shareholders' equity for the year ended on December 31, 2014

Dec. 31, 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 year	Reserve for employee stock ownership plan	Total Shareholders Equity	Minority Interest	Total EGP Thousands
Beginning balance	9,002,435	490,365	406,090	(546,531)	27,367	(720,479)	1,991	3,108,214	190,261	11,959,713	47,414	**12,007,127**
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	-	-	-	-	-	-	-	3,741,456	-	3,741,456	1,789	**3,743,245**
Change in owner ship percentage	-	-	-	9	-	-	-	-	-	9	(9)	-
Net unrealised gain/(loss) on AFS	-	-	-	-	-	127,243	-	-	-	127,243	-	**127,243**
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	99,857	99,857	-	**99,857**
Balance at the end of the year	**9,081,734**	**621,084**	**1,850,496**	**(155,160)**	**28,108**	**(593,236)**	**1,991**	**3,741,456**	**177,766**	**14,754,239**	**49,194**	**14,803,433**

Commercial International Bank (Egypt) S.A.E

Consolidated statement of changes in shareholders' equity for the year ended on December 31, 2015

Dec. 31, 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 year	Reserve for employee stock ownership plan	Total Shareholders Equity	Minority Interest	Total EGP Thousands
Beginning balance	9,081,734	621,084	1,850,496	(155,160)	28,108	(593,236)	1,991	3,741,456	177,766	14,754,239	49,194	**14,803,433**
Transferred (from) to bank risk reserve	-	-	-	-	-	-	522	(522)	-	-	-	-
Capital increase	2,388,869	-	(2,294,121)	-	-	-	-	-	-	94,748	-	**94,748**
Transferred to reserves	-	182,271	1,961,998	-	2,106	-	-	(2,083,362)	(63,013)	-	-	-
Transferred to retained losses	-	-	-	93,926	-	-	-	(93,926)	-	-	-	-
Dividend paid	-	-	-	(4,700)	-	-	-	(1,563,646)	-	(1,568,346)	(1,081)	**(1,569,427)**
Net profit of the year	-	-	-	-	-	-	-	4,728,976	-	4,728,976	686	**4,729,662**
Change in owner ship percentage	-	-	-	1,368	-	-	-	-	-	1,368	(1,368)	-
Net unrealised gain/(loss) on AFS	-	-	-	-	-	(1,609,226)	-	-	-	(1,609,226)	-	**(1,609,226)**
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	133,395	133,395	-	**133,395**
Balance at the end of the year	**11,470,603**	**803,355**	**1,518,373**	**(64,566)**	**30,214**	**(2,202,462)**	**2,513**	**4,728,976**	**248,148**	**16,535,154**	**47,431**	**16,582,585**

Notes to the consolidated financial statements for the year ended on December 31, 2015

1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 159 branches, and 28 units employing 5983 employees on the statement of financial position date.

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

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

As of December 31, 2015 the Bank directly owns 54,988,500 shares representing 99.98% of CI Capital Holding Company's capital and on December 31, 2015 CI Capital Holding Co. Directly owns the following shares in its subsidiaries:

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

2. Summary of accounting policies

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

2.1. Basis of preparation

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

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

2.1.1. Basis of consolidation

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

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

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

2.2. Subsidiaries and associates

2.2.1. Subsidiaries

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

2.2.2. Associates

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

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

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

2.3. Segment reporting

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

2.4. Foreign currency translation

2.4.1. Functional and presentation currency

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

2.4.2. Transactions and balances in foreign currencies

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

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

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

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

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

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

2.5. Financial assets

The Bank classifies its financial assets in the following categories:

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

Management determines the classification of its investments at initial recognition.

2.5.1. Financial assets at fair value through profit or loss

This category has two sub-categories:

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

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

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

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

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

2.5.2. Loans and advances

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

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

2.5.3. Held to maturity financial investments

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

2.5.4. Available for sale financial investments

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

The following are applied in respect to all financial assets:

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

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

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

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

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

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

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

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

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

2.6. Offsetting financial instruments

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

2.7. Derivative financial instruments and hedge accounting

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

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

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

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

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

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

2.7.1. Fair value hedge

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

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

2.7.2. Derivatives that do not qualify for hedge accounting

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

2.8. Interest income and expense

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

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

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

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

2.9. Fee and commission income

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

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

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

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

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

Operating revenues in the holding company are:

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

2.10. Dividend income

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

2.11. Sale and repurchase agreements

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

2.12. Impairment of financial assets

2.12.1. Financial assets carried at amortised cost

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

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

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

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

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

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

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

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

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

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

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

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

2.12.2. Available for sale investments

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

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

2.13. Real estate investments

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

2.14. Property, plant and equipment

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

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

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

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

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

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

2.15. Impairment of non-financial assets

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

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

2.15.1. Goodwill

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

2.15.2. Other intangible assets

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

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

2.16. Leases

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

2.16.1. Being lessee

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

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

2.16.2. Being lessor

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

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

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

2.17. Cash and cash equivalents

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

2.18. Other provisions

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

In case of similar obligations, the related cash outflow should be determined in order to settle these obligations as a group. The provision is recognized even in case of minor probability that cash outflow will occur for an item of these obligations. When a provision is wholly or partially no longer required, it is reversed through profit or loss under other operating income (expenses).

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

2.19. Share based payments

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

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

2.20. Income tax

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

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

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

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

2.21. Borrowings

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

2.22. Dividends

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

2.23. Comparatives

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

3. Financial risk management

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

The Bank's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice. Risk management is carried out by risk department under policies approved by the Board of Directors. Bank treasury identifies, evaluates and hedges financial risks in close co-operation with the Bank's operating units.

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

3.1. Credit risk

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

3.1.1. Credit risk measurement

3.1.1.1. Loans and advances to banks and customers

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

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

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

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

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

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

3.1.1.2. Debt instruments and treasury and other bills

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

3.1.2. Risk limit control and mitigation policies

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

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

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

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

Some other specific control and mitigation measures are outlined below:

3.1.2.1. Collateral

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

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

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

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

3.1.2.2. Derivatives

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

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

3.1.2.3. Master netting arrangements

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

3.1.2.4. Credit related commitments

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

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

3.1.3. Impairment and provisioning policies

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

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

	December 31, 2015		December 31, 2014	
Bank's rating	Loans and advances (%)	Impairment provision (%)	Loans and advances (%)	Impairment provision (%)
1-Performing loans	82.27	30.70	86.55	33.91
2-Regular watching	9.32	12.97	6.77	11.24
3-Watch list	4.43	21.78	1.97	5.53
4-Non-Performing Loans	3.98	34.55	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:

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

In balance sheet items exposed to credit risk	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Treasury bills and other governmental notes	22,130,170	30,471,115
Trading financial assets:		
- Debt instruments	5,504,524	3,335,297
Gross loans and advances to banks	48,342	132,673
Less:Impairment provision	(9,899)	(14,582)
Gross loans and advances to customers		
Individual:		
- Overdraft	1,583,233	1,438,217
- Credit cards	2,001,159	1,010,014
- Personal loans	8,073,622	5,729,054
- Mortgages	298,817	325,266
- Other loans	20,881	20,934
Corporate:		
- Overdraft	8,561,090	6,598,541
- Direct loans	27,811,737	25,008,383
- Syndicated loans	14,088,786	12,645,169
- Other loans	84,402	216,429
Unamortized bills discount	(14,375)	(5,568)
Impairment provision	(4,709,107)	(3,441,757)
Unearned interest	(1,002,669)	(859,052)
Derivative financial instruments	80,995	52,188
Financial investments:		
-Debt instruments	54,818,500	36,383,095
-Investments in associates	159,983	181,661
Total	**139,530,191**	**119,227,077**
Off balance sheet items exposed to credit risk		
Financial guarantees	2,741,310	2,453,307
Customers acceptances	504,774	757,509
Letters of credit (import and export)	862,279	1,289,834
Letter of guarantee	29,640,729	23,262,617
Total	**33,749,092**	**27,763,267**

The above table represents the Bank Maximum exposure to credit risk on Decmber 31, 2015, before taking account of any held collateral.

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

As shown above 40.73% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represents 43.23%.

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:

- 91.54% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- 96.02% of loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed individualy are valued EGP thousands 2,505,293
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on Decmber 31, 2015.
- 97.09% of the investments in debt Instruments are Egyptian sovereign instruments.

3.1.6. Loans and advances

Loans and advances are summarized as follows:

	Dec. 31, 2015 EGP Thousands		Dec. 31, 2014 EGP Thousands	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Neither past due nor impaired	56,273,952	27,567	48,117,365	107,617
Past due but not impaired	3,765,257	-	2,397,998	-
Individually impaired	2,484,518	20,775	2,476,644	25,056
Gross	**62,523,727**	**48,342**	**52,992,007**	**132,673**
Less:				
Impairment provision	4,709,107	9,899	3,441,757	14,582
Unamortized bills discount	14,375	-	5,568	-
Unearned interest	1,002,669	-	859,052	-
Net	56,797,576	38,443	48,685,630	118,091

Impairment provision losses for loans and advances reached EGP 4,719,006 thousand.

During the year the Bank's total loans and advances increased by 17.78% .

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

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

Dec. 31, 2015 — EGP Thousands

Grades:	Individual				Corporate				Total loans and advances to customers	Total loans and advances to banks
	Overdrafts	Credit cards	Personal loans	Mortgages	Overdraft	Direct loans	Syndicated loans	Other loans		
Performing loans	1,512,038	1,907,963	7,585,578	286,266	7,287,534	20,014,726	11,257,517	83,075	49,934,697	**25,881**
Regular watching	37,236	39,542	211,668	-	243,102	3,001,782	1,720,835	-	5,254,165	**1,355**
Watch list	8,661	16,795	65,985	-	200,937	1,447,610	21,997	-	1,761,985	-
Non-performing loans	13,463	9,874	75,052	2,359	239,897	458,917	64,211	-	863,773	**11,207**
Total	**1,571,398**	**1,974,174**	**7,938,283**	**288,625**	**7,971,470**	**24,923,035**	**13,064,560**	**83,075**	**57,814,620**	**38,443**

Dec. 31, 2014 — EGP Thousands

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

Loans and advances past due but not impaired:

Loans and advances less than 90 days past due are not considered impaired, unless there is an objective evidence of impairment.

Dec. 31, 2015	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Past due up to 30 days	496,599	319,812	107,881	491	924,783	1,024,665	1,289,946	4,300	**2,318,911**
Past due 30 - 60 days	37,361	42,765	40,608	142	120,876	54,301	40,768	-	**95,069**
Past due 60-90 days	8,735	20,820	19,823	41	49,419	143,274	112,925	-	**256,199**
Total	**542,695**	**383,397**	**168,312**	**674**	**1,095,078**	**1,222,240**	**1,443,639**	**4,300**	**2,670,179**

Dec. 31, 2014	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Past due up to 30 days	351,021	173,064	12,587	1,219	537,891	581,077	871,089	92,962	**1,545,128**
Past due 30-60 days	30,457	17,945	4,594	97	53,093	22,336	33,806	-	**56,142**
Past due 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 2,505,293 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:

Dec. 31, 2015	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Total
Individually impaired loans	19,154	21,581	157,450	9,456	20,881	567,565	1,118,675	590,531	**2,505,293**

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

Loans and advances restructured

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

	Dec. 31, 2015	Dec. 31, 2014
Loans and advances to customer		
Corporate		
- Direct loans	3,126,928	3,243,393
Total	**3,126,928**	**3,243,393**

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

Dec. 31, 2015	Treasury bills and other gov. notes	Trading financial debt instruments	Non-trading financial debt instruments	Total
AAA	-	-	168,408	**168,408**
AA- to AA+	-	-	467,645	**467,645**
A- to A+	-	-	937,758	**937,758**
Lower than A-	-	-	1,087,336	**1,087,336**
Unrated	22,130,170	5,504,524	52,157,353	**79,792,047**
Total	**22,130,170**	**5,504,524**	**54,818,500**	**82,453,194**

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.

Dec. 31, 2015	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Treasury bills and other governmental notes	22,130,170	-	-	**22,130,170**
Trading financial assets:				
- Debt instruments	5,504,524	-	-	**5,504,524**
Gross loans and advances to banks	48,342	-	-	**48,342**
Less:Impairment provision	(9,899)	-	-	**(9,899)**
Gross loans and advances to customers				
Individual:				
- Overdrafts	950,784	474,132	158,317	**1,583,233**
- Credit cards	1,670,160	279,704	51,295	**2,001,159**
- Personal loans	5,383,836	2,218,448	471,338	**8,073,622**
- Mortgages	245,773	46,719	6,325	**298,817**
- Other loans	-	20,881	-	**20,881**
Corporate:				
- Overdrafts	7,038,404	1,310,932	211,754	**8,561,090**
- Direct loans	19,675,531	6,864,143	1,272,063	**27,811,737**
- Syndicated loans	12,150,627	1,634,739	303,420	**14,088,786**
- Other loans	72,402	12,000	-	**84,402**
Unamortized bills discount	(14,375)	-	-	**(14,375)**
Impairment provision	(4,709,107)	-	-	**(4,709,107)**
Unearned interest	(796,670)	(176,141)	(29,858)	**(1,002,669)**
Derivative financial instruments	80,995	-	-	**80,995**
Financial investments:				
-Debt instruments	54,818,500	-	-	**54,818,500**
-Investments in associates	159,983	-	-	**159,983**
Total	**124,399,980**	**12,685,557**	**2,444,654**	**139,530,191**

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.

Dec. 31, 2015	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	EGP Thousands Total
Treasury bills and other governmental notes	-	-	-	-	22,130,170	-	-	**22,130,170**
Trading financial assets:								
- Debt instruments	-	-	-	-	5,504,524	-	-	**5,504,524**
Gross loans and advances to banks	48,342	-	-	-	-	-	-	**48,342**
Less:Impairment provision	(9,899)	-	-	-	-	-	-	**(9,899)**
Gross loans and advances to customers								
Individual:								
- Overdrafts	-	-	-	-	-	-	1,583,233	**1,583,233**
- Credit cards	-	-	-	-	-	-	2,001,159	**2,001,159**
- Personal loans	-	-	-	-	-	-	8,073,622	**8,073,622**
- Mortgages	-	-	-	-	-	-	298,817	**298,817**
- Other loans	-	-	-	-	-	-	20,881	**20,881**
Corporate:								
- Overdrafts	6,758	2,828,122	726,278	955,191	966,275	3,078,466	-	**8,561,090**
- Direct loans	882,127	13,445,533	191,793	490,861	2,723,409	10,078,014	-	**27,811,737**
- Syndicated loans	20,775	6,802,020	460,605	-	5,723,935	1,081,451	-	**14,088,786**
- Other loans	9,531	66,321	-	-	-	8,550	-	**84,402**
Unamortized bills discount	(14,375)	-	-	-	-	-	-	**(14,375)**
Impairment provision	(17,236)	(2,374,301)	(12,097)	(23,509)	(37,928)	(2,038,804)	(205,232)	**(4,709,107)**
Unearned interest	(7,217)	(481,652)	-	(4,964)	-	(495,045)	(13,791)	**(1,002,669)**
Derivative financial instruments	80,995	-	-	-	-	-	-	**80,995**
Financial investments:								
-Debt instruments	1,573,811	-	-	-	53,244,689	-	-	**54,818,500**
- Investments in associates	159,983	-	-	-	-	-	-	**159,983**
Total	**2,733,595**	**20,286,043**	**1,366,579**	**1,417,579**	**90,255,074**	**11,712,632**	**11,758,689**	**139,530,191**

3.2. Market risk

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

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

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

3.2.1. Market risk measurement techniques

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

3.2.1.1. Value at Risk

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

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

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

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

3.2.1.2. Stress tests

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

3.2.2. Value at risk (VaR) Summary

Total VaR by risk type

EGP Thousands

	Dec. 31, 2015			Dec. 31, 2014		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	248	1,894	5	42	351	3
Interest rate risk	**157,097**	**258,851**	**96,690**	**81,711**	**125,871**	**63,594**
- For non trading purposes	134,436	217,625	88,109	70,306	107,791	56,307
- For trading purposes	22,661	41,227	8,581	11,405	18,080	7,288
Equities risk	-	-	-	84	141	-
Portfolio managed by others risk	5,072	7,426	2,689	4,132	6,817	1,108
Investment fund	361	492	287	357	549	223
Total VaR	**156,811**	**257,954**	**96,562**	**81,859**	**126,094**	**63,618**

Trading portfolio VaR by risk type

	Dec. 31, 2015			Dec. 31, 2014		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	248	1,894	5	42	351	3
Interest rate risk						
- For trading purposes	22,661	41,227	8,581	11,405	18,080	7,288
Equities risk	-	-	-	84	141	-
Funds managed by others risk	5,072	7,426	2,689	4,132	6,817	1,108
Investment fund	361	492	287	357	549	223
Total VaR	**23,462**	**41,655**	**11,345**	**12,451**	**18,815**	**8,790**

Non trading portfolio VaR by risk type

	Dec. 31, 2015			Dec. 31, 2014		
	Medium	High	Low	Medium	High	Low
Interest rate risk						
- For non trading purposes	134,436	217,625	88,109	70,306	107,791	56,307
Total VaR	**134,436**	**217,625**	**88,109**	**70,306**	**107,791**	**56,307**

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

3.2.3. Foreign exchange risk

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

Equivalent EGP Thousands

Dec. 31, 2015	EGP	USD	EUR	GBP	Other	Total
Financial assets						
Cash and balances with central bank	9,349,647	356,876	76,434	30,879	35,118	**9,848,954**
Due from banks	8,508,366	9,679,891	2,355,831	330,860	127,357	**21,002,305**
Treasury bills and other governmental notes	18,041,899	4,369,826	589,428	-	-	**23,001,153**
Trading financial assets	5,692,538	155,839	-	-	-	**5,848,377**
Gross loans and advances to banks	-	48,342	-	-	-	**48,342**
Gross loans and advances to customers	36,201,181	24,854,523	1,272,045	114,885	81,093	**62,523,727**
Derivative financial instruments	68,023	12,925	47	-	-	**80,995**
Financial investments						
- Available for sale	44,343,759	1,945,316	-	-	-	**46,289,075**
- Held to maturity	9,261,220	-	-	-	-	**9,261,220**
Investments in associates	159,983	-	-	-	-	**159,983**
Total financial assets	**131,626,616**	**41,423,538**	**4,293,785**	**476,624**	**243,568**	**178,064,131**
Financial liabilities						
Due to banks	303,105	1,241,688	42,426	11,651	1,899	**1,600,769**
Due to customers	113,490,778	36,285,344	4,813,066	461,909	183,319	**155,234,416**
Derivative financial instruments	96,928	48,760	47	-	-	**145,735**
Long term loans	131,328	-	-	-	-	**131,328**
Total financial liabilities	**114,022,139**	**37,575,792**	**4,855,539**	**473,560**	**185,218**	**157,112,248**
Net on-balance sheet financial position	**17,604,477**	**3,847,746**	**(561,754)**	**3,064**	**58,350**	**20,951,883**

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.

Dec. 31, 2015	Up to1 Month	1-3 Months	3-12 Months	1-5 years	Over 5 years	Non- Interest Bearing	Total
Financial assets							
Cash and balances with central bank	-	-	-	-	-	9,848,954	**9,848,954**
Due from banks	16,368,055	4,150,629	130,424	-	-	353,197	**21,002,305**
Treasury bills and other governmental notes*	1,432,274	4,163,254	17,405,625	-	-	-	**23,001,153**
Trading financial assets	157,338	-	101,151	3,478,339	1,925,032	186,517	**5,848,377**
Gross loans and advances to banks	2,252	838	-	45,252	-	-	**48,342**
Gross loans and advances to customers	39,543,164	7,659,403	9,164,763	5,205,019	951,378	-	**62,523,727**
Derivatives financial instruments (including IRS notional amount)	383,992	37,006	1,120,238	6,584,035	208,712	12,924	**8,346,907**
Financial investments							
- Available for sale	896,975	318,479	3,372,459	30,444,441	10,632,983	623,738	**46,289,075**
- Held to maturity	-	-	5,228	9,018,121	237,871	-	**9,261,220**
Investments in associates	-	-	-	-	-	159,983	**159,983**
Total financial assets	**58,784,050**	**16,329,609**	**31,299,888**	**54,775,207**	**13,955,976**	**11,185,313**	**186,330,043**
Financial liabilities							
Due to banks	1,391,139	73,899	76,604	-	-	59,127	**1,600,769**
Due to customers	63,058,113	16,302,639	15,545,522	32,586,811	1,356,003	26,385,328	**155,234,416**
Derivatives financial instruments (including IRS notional amount)	3,277,069	4,786,309	13,496	286,013	-	48,760	**8,411,647**
Long term loans	46,925	3,649	46,372	34,382	-	-	**131,328**
Total financial liabilities	**67,773,246**	**21,166,496**	**15,681,994**	**32,907,206**	**1,356,003**	**26,493,215**	**165,378,160**
Total interest re-pricing gap	**(8,989,196)**	**(4,836,887)**	**15,617,894**	**21,868,001**	**12,599,973**	**(15,307,902)**	**20,951,883**

* After adding Reverse repos and deducting Repos.

3.3. Liquidity risk

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

3.3.1. Liquidity risk management process

the Bank's liquidity management process, is carried by the assets and Liabilities Management Department and monitored independently by the Risk Management Department, which includes:

Projecting cash flows by major currency under various stress scenarios and considering the level of liquid assets necessary in relation thereto:

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

3.3.2. Funding approach

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

3.3.3. Non-derivative cash flows

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

Dec. 31, 2015	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP Thousands
Financial liabilities						
Due to banks	1,450,264	73,900	76,605	-	-	**1,600,769**
Due to customers	21,517,799	18,636,129	42,695,183	69,919,823	2,465,482	**155,234,416**
Long term loans	46,925	3,649	46,372	34,382	-	**131,328**
Total liabilities (contractual and non contractual maturity dates)	**23,014,988**	**18,713,678**	**42,818,160**	**69,954,205**	**2,465,482**	**156,966,513**
Total financial assets (contractual and non contractual maturity dates)	**29,723,449**	**15,309,386**	**32,853,492**	**78,479,205**	**22,348,416**	**178,713,948**

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

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

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

3.3.4. Derivative cash flows

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

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

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

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

Dec. 31, 2015	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP Thousands
Liabilities						
Derivatives financial instruments						
- Foreign exchange derivatives	74,061	12,272	10,641	-	-	**96,974**
- Interest rate derivatives	-	-	-	47,094	1,667	**48,761**
Total	**74,061**	**12,272**	**10,641**	**47,094**	**1,667**	**145,735**

Off balance sheet items

Dec. 31, 2015	Up to 1 year	1-5 years	Over 5 years	Total
Letters of credit, guarantees and other commitments	20,632,761	7,382,522	2,992,499	**31,007,782**
Total	**20,632,761**	**7,382,522**	**2,992,499**	**31,007,782**

	Up to 1 year	1-5 years	Over 5 years	Total
Loans commitments (Customers limit authorized not utilized)	21,976,059	2,004,904	256,445	**24,237,408**
Total	**21,976,059**	**2,004,904**	**256,445**	**24,237,408**

3.4. Fair value of financial assets and liabilities

3.4.1. Financial instruments not measured at fair value

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

	Book value		Fair value	
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Financial assets				
Due from banks	21,002,305	9,521,999	21,002,305	9,521,999
Gross loans and advances to banks	48,342	132,673	48,342	132,673
Gross loans and advances to customers				
- Individual	11,977,712	8,523,485	11,977,712	8,523,485
- Corporate	50,546,015	44,468,522	50,546,015	44,468,522
Financial investments				
Held to Maturity	9,261,220	9,160,746	9,261,220	9,160,746
Total financial assets	**92,835,594**	**71,807,425**	**92,835,594**	**71,807,425**
Financial liabilities				
Due to banks	1,600,769	1,131,385	1,600,769	1,131,385
Due to customers	155,234,416	121,974,959	155,234,416	121,974,959
Long term loans	131,328	242,878	131,328	242,878
Total financial liabilities	**156,966,513**	**123,349,222**	**156,966,513**	**123,349,222**

Due from banks

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

Loans and advances to banks

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

Loans and advances to customers

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

Financial Investments

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

Due to other banks and customers

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

3.5. Capital management

For capital management purposes, the Bank's capital includes total equity as reported in the balance sheet plus some other elements that are managed as capital. The Bank manages its capital to ensure that the following objectives are achieved:

- Compliance with the legally imposed capital requirements in Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the bank.

Capital adequacy and the use of regulatory capital are monitored on a daily basis by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the banking supervision unit in the Central Bank of Egypt. The required data is submitted to the Central Bank of Egypt on a quarterly basis.

Central Bank of Egypt requires the following:

- Maintaining EGP 500 million as a minimum requirement for the issued and paid-in capital.
- Maintaining a minimum level of capital adequacy ratio of 10%, calculated as the ratio between total value of the capital elements, and the risk-weighted assets and contingent liabilities of the Bank.

Tier one:

Tier one, comprised of paid-in capital (after deducting the book value of treasury shares), retained earnings and reserves resulting from the distribution of profits except the banking risk reserve and deducting previously recognized goodwill and any retained losses

Tier two:

Represents the gone concern capital which comprised of general risk provision according to the impairment provision guidelines issued by the Central Bank of Egypt for to the maximum of 1.25% risk weighted assets and contingent liabilities ,subordinated loans with more than five years to maturity (amortizing 20% of its carrying amount in each year of the remaining five years to maturity) and 45% of the increase in fair value than book value for available for sale , held to maturity, subsidiaries and associates investments.

When calculating the numerator of capital adequacy ratio, the rules set limits of total tier 2 to no more than tier 1 capital and also limits the subordinated to no more than 50% of tier1.

Assets risk weight scale ranging from zero to 100% based on the counterparty risk to reflect the related credit risk scheme, taking into considration the cash collatrals. Similar criteria are used for off balance sheet items after adjusting it to reflect the nature of contingency and the potential loss of those amounts. The Bank has complied with all local capital adequacy requirements for the current year.

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

According to Basel II :

1- The capital adequacy ratio

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Tier 1 capital		Restated**
Share capital (net of the treasury shares)	11,470,603	9,081,734
Goodwill	(209,842)	-
Reserves	2,446,048	4,740,169
Retained Earnings (Losses)	(64,566)	(61,234)
Total deductions from tier 1 capital common equity	(2,440,566)	(625,080)
Total qualifying tier 1 capital	**11,201,677**	**13,135,589**
Tier 2 capital		
45% of special reserve	49	49
45% of the Increase in fair value than the book value for available for sale and held to maturity investments	13,960	15,763
Impairment provision for loans and regular contingent liabilities	997,201	879,836
Total qualifying tier 2 capital	**1,011,210**	**895,648**
Total capital 1+2	**12,212,887**	**14,031,237**
Risk weighted assets and contingent liabilities		
Total credit risk	79,632,761	70,426,788
Total market risk	4,030,778	3,179,692
Total operational risk	12,354,714	10,064,534
Total	**96,018,253**	**83,671,014**
***Capital adequacy ratio (%)**	**12.72%**	**16.77%**

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

***After 2014 profit distribution.*

After the approval of appropriation account for the year 2015, The capital adequacy ratio will reach 16.23%

2- Leverage ratio

	Dec. 31, 2015 EGP Thousands
Total qualifying tier 1 capital	**11,201,677**
On-balance sheet items & derivatives	**182,420,706**
Off-balance sheet items	**23,484,346**
Total exposures	**205,905,052**
***Percentage**	**5.44%**

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

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

Dec. 31, 2015	Corporate banking	SME's	Investment banking	Retail banking	Total
Revenue according to business segment	7,122,388	1,153,088	304,304	2,473,014	**11,052,794**
Expenses according to business segment	(2,765,212)	(553,913)	(19,855)	(1,161,145)	**(4,500,125)**
Profit before tax	**4,357,176**	**599,175**	**284,449**	**1,311,869**	**6,552,669**
Tax	(1,222,420)	(168,366)	(64,278)	(368,629)	**(1,823,693)**
Profit for the year	**3,134,756**	**430,809**	**220,171**	**943,240**	**4,728,976**
Total assets	**165,878,454**	**1,124,475**	**632,464**	**11,864,786**	**179,500,179**

Dec. 31, 2014	Corporate banking	SME's	Investment banking	Retail banking	Total
Revenue according to business segment	5,341,245	922,342	110,965	1,967,225	**8,341,777**
Expenses according to business segment	(1,425,955)	(401,102)	(15,917)	(964,254)	**(2,807,228)**
Profit before tax	**3,915,290**	**521,240**	**95,048**	**1,002,971**	**5,534,549**
Tax	(1,292,163)	(170,703)	(1,760)	(328,467)	**(1,793,093)**
Profit for the year	**2,623,127**	**350,537**	**93,288**	**674,504**	**3,741,456**
Total assets	**130,788,474**	**1,043,034**	**997,115**	**10,984,700**	**143,813,323**

5.2. By geographical segment

EGP Thousands

Dec. 31, 2015	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	9,441,901	1,167,385	443,508	**11,052,794**
Expenses according to geographical segment	(3,877,962)	(420,704)	(201,459)	**(4,500,125)**
Profit before tax	**5,563,939**	**746,681**	**242,049**	**6,552,669**
Tax	(1,545,865)	(209,814)	(68,014)	**(1,823,693)**
Profit for the year	**4,018,074**	**536,867**	**174,035**	**4,728,976**
Total assets	**162,013,306**	**13,712,913**	**3,773,960**	**179,500,179**

Dec. 31, 2014	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	7,052,514	1,027,532	261,731	**8,341,777**
Expenses according to geographical segment	(2,236,547)	(468,508)	(102,173)	**(2,807,228)**
Profit before tax	**4,815,967**	**559,024**	**159,558**	**5,534,549**
Tax	(1,557,762)	(183,077)	(52,254)	**(1,793,093)**
Profit for the year	**3,258,205**	**375,947**	**107,304**	**3,741,456**
Total assets	**131,901,159**	**10,839,735**	**1,072,429**	**143,813,323**

6. Net interest income

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Interest and similar income		
- Banks	366,302	216,234
- Clients	5,147,557	4,361,909
	5,513,859	**4,578,143**
Treasury bills and bonds	9,154,619	6,855,935
Reverse repos	2,338	6,456
Financial investments in held to maturity and available for sale debt instruments	94,521	109,300
Total	**14,765,337**	**11,549,834**
Interest and similar expense		
- Banks	(79,801)	(77,885)
- Clients	(6,561,613)	(5,194,167)
	(6,641,414)	**(5,272,052)**
Financial instruments purchased with a commitment to re-sale (Repos)	(7,762)	-
Other	(832)	(2,081)
Total	**(6,650,008)**	**(5,274,133)**
Net interest income	**8,115,329**	**6,275,701**

7. Net fee and commission income

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Fee and commission income		
Fee and commissions related to credit	1,041,382	970,138
Custody fee	73,268	58,404
Other fee	817,404	640,682
Total	**1,932,054**	**1,669,224**
Fee and commission expense		
Other fee paid	(299,696)	(181,498)
Total	**(299,696)**	**(181,498)**
Net income from fee and commission	**1,632,358**	**1,487,726**

8. Dividend income

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Trading securities	4,060	-
Available for sale securities	31,002	27,501
Total	**35,062**	**27,501**

9. Net trading income

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Profit (losses) from foreign exchange	214,574	258,844
Profit (losses) from revaluations of trading assets and liabilities in foreign currencies	96	1,569
Profit (Loss) from forward foreign exchange deals revaluation	2,928	(6,266)
Profit (Loss) from interest rate swaps revaluation	(9,240)	(1,282)
Profit (Loss) from currency swap deals revaluation	7,752	(38,002)
Trading debt instruments	494,288	501,421
Trading equity instruments	-	717
Total	**710,398**	**717,001**

10. Administrative expenses

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
1. Staff costs		
- Wages and salaries	(993,761)	(834,488)
- Social insurance	(54,836)	(44,716)
- Other benefits	(37,328)	(36,243)
2. Other administrative expenses	(942,479)	(789,053)
Total	**(2,028,404)**	**(1,704,500)**

11. Other operating (expenses) income

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Profits from non-trading assets and liabilities revaluation	42,062	3,396
Profits from selling property, plant and equipment	564	2,106
Charges of other provisions	(135,361)	(278,058)
Others operating expenses	(477,265)	(489,973)
Total	**(570,000)**	**(762,529)**

12. Impairment charge for credit losses

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Loans and advances to customers	(1,682,439)	(588,794)
Total	**(1,682,439)**	**(588,794)**

13. Adjustments to calculate the effective tax rate

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Profit after settlement	6,553,355	5,536,338
* Tax rate	22.50%	30%-25%
Income tax based on accounting profit	**1,474,506**	**1,660,851**
Add / (Deduct)		
Non-deductible expenses	268,903	27,023
Tax exemptions	(103,447)	(55,634)
Effect of provisions	186,107	166,302
Depreciation	(7,259)	(5,449)
10% Withholding tax	4,883	-
Income tax / Deferred tax	**1,823,693**	**1,793,093**
Effective tax rate	**27.83%**	**32.39%**

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

14. Earning per share

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Net profit for the year available for distribution	4,639,648	3,644,902
Board member's bonus	(69,595)	(54,674)
Staff profit sharing	(463,965)	(364,490)
*** Profits shareholders' Stake**	**4,106,088**	**3,225,738**
Number of shares	1,147,060	1,147,060
Basic earning per share	**3.58**	**2.81**
By issuance of ESOP earning per share will be:		
Number of shares including ESOP shares	1,162,617	1,162,311
Diluted earning per share	**3.53**	**2.78**

** Based on separate financial statement profits.*

15. Cash and balances with central bank

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Cash	1,580,752	2,109,660
Obligatory reserve balance with CBE		
- Current accounts	8,268,202	5,392,596
Total	**9,848,954**	**7,502,256**
Non-interest bearing balances	**9,848,954**	**7,502,256**

16. Due from banks

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Current accounts	1,386,078	1,017,373
Deposits	19,616,227	8,504,626
Total	**21,002,305**	**9,521,999**
Central banks	14,121,507	4,297,194
Local banks	3,263,306	1,112,318
Foreign banks	3,617,492	4,112,487
Total	**21,002,305**	**9,521,999**
Non-interest bearing balances	353,197	420,477
Fixed interest bearing balances	20,649,108	9,101,522
Total	**21,002,305**	**9,521,999**
Current balances	21,002,305	9,521,999
Total	**21,002,305**	**9,521,999**

17. Treasury bills and other governmental notes

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
91 Days maturity	5,595,527	8,539,354
182 Days maturity	7,513,324	8,293,655
364 Days maturity	9,892,302	15,107,327
Unearned interest	(870,983)	(1,469,221)
Total 1	**22,130,170**	**30,471,115**
Reverse repos treasury bonds	-	77,775
Total 2	-	**77,775**
Net	**22,130,170**	**30,548,890**

18. Trading financial assets

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Debt instruments		
- Governmental bonds	5,504,524	3,335,297
Total	**5,504,524**	**3,335,297**
Equity instruments		
- Mutual funds	157,336	167,048
Total	**157,336**	**167,048**
- Portfolio managed by others	186,517	260,373
Total	**5,848,377**	**3,762,718**

19. Loans and advances to banks, net

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Time and term loans	48,342	132,673
Less:Impairment provision	(9,899)	(14,582)
Total	**38,443**	**118,091**
Current balances	3,090	93,035
Non-current balances	35,353	25,056
Total	**38,443**	**118,091**

Analysis for impairment provision of loans and advances to banks

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Beginning balance	(14,582)	(21,411)
Release during the year	4,902	6,915
Exchange revaluation difference	(219)	(86)
Ending balance	**(9,899)**	**(14,582)**

20. Loans and advances to customers, net

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Individual		
- Overdraft	1,583,233	1,438,217
- Credit cards	2,001,159	1,010,014
- Personal loans	8,073,622	5,729,054
- Real estate loans	298,817	325,266
- Other loans	20,881	20,934
Total 1	**11,977,712**	**8,523,485**
Corporate		
- Overdraft	8,561,090	6,598,541
- Direct loans	27,811,737	25,008,383
- Syndicated loans	14,088,786	12,645,169
- Other loans	84,402	216,429
Total 2	**50,546,015**	**44,468,522**
Total Loans and advances to customers (1+2)	**62,523,727**	**52,992,007**
Less:		
Unamortized bills discount	(14,375)	(5,568)
Impairment provision	(4,709,107)	(3,441,757)
Unearned interest	(1,002,669)	(859,052)
Net loans and advances to customers	**56,797,576**	**48,685,630**
Distributed to		
Current balances	25,011,678	21,190,611
Non-current balances	31,785,898	27,495,019
Total	**56,797,576**	**48,685,630**

Analysis for impairment provision of loans and advances to customers

	Individual					
Dec. 31, 2015	**Overdraft**	**Credit cards**	**Personal loans**	**Real estate loans**	**Other loans**	**Total**
Beginning balance	(10,550)	(7,434)	(81,153)	(8,422)	(20,934)	**(128,493)**
(Charged) released during the year	(1,281)	(28,331)	(59,317)	(1,770)	53	**(90,646)**
Write off during the year	-	14,120	5,148	-	-	**19,268**
Recoveries during the year	(4)	(5,340)	(17)	-	-	**(5,361)**
Ending balance	**(11,835)**	**(26,985)**	**(135,339)**	**(10,192)**	**(20,881)**	**(205,232)**

	Corporate				
Dec. 31, 2015	**Overdraft**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
Beginning balance	(491,763)	(2,172,426)	(644,225)	(4,850)	**(3,313,264)**
(Charged) released during the year	(79,462)	(1,201,442)	(349,313)	3,523	**(1,626,694)**
Write off during the year	-	545,777	-	-	**545,777**
Recoveries during the year	-	(3,399)	-	-	**(3,399)**
Exchange revaluation difference	(18,395)	(57,212)	(30,688)	-	**(106,295)**
Ending balance	**(589,620)**	**(2,888,702)**	**(1,024,226)**	**(1,327)**	**(4,503,875)**

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

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

21. Derivative financial instruments

21.1. Derivatives

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

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

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

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

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

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

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

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

21.1.1 For trading derivatives

	Dec. 31, 2015			Dec. 31, 2014		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Foreign currencies derivatives						
- Forward foreign exchange contracts	972,438	16,766	25,683	1,761,253	2,364	14,209
- Currency swap	3,448,349	51,258	71,244	3,928,336	19,857	47,594
- Options	26,830	47	47	319,390	3,887	3,713
Total 1		**68,071**	**96,974**		**26,108**	**65,516**
Interest rate derivatives						
- Interest rate swaps	14,687	395	-	278,504	1,575	434
Total 2		**395**	**-**		**1,575**	**434**
Total assets (liabilities) for trading derivatives (1+2)		**68,466**	**96,974**		**27,683**	**65,950**

21.1.2 Fair value hedge

	Dec. 31, 2015			Dec. 31, 2014		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate derivatives						
- Governmental debt instruments hedging	286,014	-	26,296	621,189	-	63,402
- Customers deposits hedging	7,965,211	12,529	22,465	4,276,937	24,505	7,823
Total 3		**12,529**	**48,761**		**24,505**	**71,225**
Total financial derivatives (1+2+3)		**80,995**	**145,735**		**52,188**	**137,175**

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 26,296 thousand at December 31, 2015 against EGP 63,402 thousand at the December 31, 2014, Resulting in net gains form hedging instruments at December 31, 2015 EGP 37,106 thousand against net losses EGP 5,926 thousand at the December 31, 2014. Losses arises from the hedged items at December 31, 2015 reached EGP 48,941 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 9,936 thousand at the end of December 31, 2015 against EGP 16,682 thousand at December 31, 2014, Resulting in net losses form hedging instruments at December 31, 2015 EGP 26,618 thousand against net losses EGP 21,380 thousand at December 31, 2014. Gains arises from the hedged items at December 31, 2015 reached EGP 27,540 thousand against gains EGP 45,094 thousand at December 31, 2014.

22. Financial investments

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Available for sale		
- Listed debt instruments with fair value	45,589,793	27,249,861
- Listed equity instruments with fair value	28,496	87,770
- Unlisted instruments	670,786	364,491
Total	**46,289,075**	**27,702,122**
Held to maturity		
- Listed debt instruments	9,228,707	9,133,233
- Unlisted instruments	32,513	27,513
Total	**9,261,220**	**9,160,746**
Total financial investment	**55,550,295**	**36,862,868**
- Actively traded instruments	53,957,991	35,617,223
- Not actively traded instruments	1,592,304	1,245,645
Total	**55,550,295**	**36,862,868**
Fixed interest debt instruments	53,244,689	35,211,927
Floating interest debt instruments	1,573,811	1,171,168
Total	**54,818,500**	**36,383,095**

	Available for sale financial investments	Held to maturity financial investments	Total EGP Thousands
Beginning balance	23,378,104	4,197,177	**27,575,281**
Addition	9,079,241	4,963,569	**14,042,810**
Deduction (selling - redemptions)	(4,854,894)	-	**(4,854,894)**
Exchange revaluation differences for foreign financial assets	38,176	-	**38,176**
Profit (losses) from fair value difference	121,246	-	**121,246**
Impairment (charges) release	(59,751)	-	**(59,751)**
Ending Balance as of Dec. 31, 2014	**27,702,122**	**9,160,746**	**36,862,868**
Beginning balance	27,702,122	9,160,746	**36,862,868**
Addition	25,392,460	4,019,548	**29,412,008**
Deduction (selling - redemptions)	(5,152,168)	(3,919,074)	**(9,071,242)**
Exchange revaluation differences for foreign financial assets	96,638	-	**96,638**
Profit (losses) from fair value difference	(1,572,274)	-	**(1,572,274)**
Impairment (charges) release	(177,703)	-	**(177,703)**
Ending Balance as of Dec. 31, 2015	**46,289,075**	**9,261,220**	**55,550,295**

22.1. Profits (Losses) on financial investments

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Profit (Loss) from selling available for sale financial instruments	163,270	82,907
Impairment release (charges) of available for sale equity instruments	(177,703)	(59,762)
Profit (Loss)from selling investments in associates	285,431	-
Impairment release (charges) of subsidiaries and associates	-	(52,480)
Total	**270,998**	**(29,335)**

23. Investments in associates

EGP Thousands

Dec. 31, 2015	Company's country	Company's assets	Company's liabilities (without equity)	Company's revenues	Company's net profit	Investment book value	Stake %
Associates							
- Corplease	Egypt	2,623,964	2,356,465	421,621	24,752	124,149	43
- Haykala for investment	Egypt	5,010	211	272	41	1,202	40
- Egypt Factors	Egypt	313,515	272,665	20,827	(15,672)	-	49
- International Co. for Security and Services (Falcon)	Egypt	193,470	109,644	257,943	36,190	34,632	40
Total		**3,135,959**	**2,738,985**	**700,663**	**45,311**	**159,983**	

EGP Thousands

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

24. Investment properties

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Land No. A2-Q46 Al-koseer Marsa Allam	-	2,642
Land, warehouse, 9 property and 2 housing units Al-koseer Marsa Allam	-	65,950
Land No. M8A and M8A8 and M9A Al-koseer Marsa Allam	-	815,502
Total	-	**884,094**

25. Other assets

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Accrued revenues	2,892,503	1,870,423
Prepaid expenses	123,436	109,115
Advances to purchase of fixed assets	157,202	145,170
Accounts receivable and other assets	1,547,660	1,653,149
Assets acquired as settlement of debts	52,569	27,351
Insurance and testament	15,921	8,867
Total	**4,789,291**	**3,814,075**

26. Property, plant and equipment

Dec. 31, 2015	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total EGP Thousands
Beginning gross assets (1)	64,709	709,943	1,085,729	69,278	442,793	365,933	131,641	**2,870,026**
Additions during the year	-	94,979	106,785	883	40,424	49,862	-	**292,933**
Ending gross assets (2)	**64,709**	**804,922**	**1,192,514**	**70,161**	**483,217**	**415,795**	**131,641**	**3,162,959**
Accumulated depreciation at beginning of the year (3)	-	243,851	812,493	41,109	370,597	298,841	117,631	**1,884,522**
Current period depreciation	-	29,917	85,091	1,141	43,251	28,856	-	**188,256**
Accumulated depreciation at end of the year (4)	-	**273,768**	**897,584**	**42,250**	**413,848**	**327,697**	**117,631**	**2,072,778**
Ending net assets (2-4)	**64,709**	**531,154**	**294,930**	**27,911**	**69,369**	**88,098**	**14,010**	**1,090,181**
Beginning net assets (1-3)	**64,709**	**466,092**	**273,236**	**28,169**	**72,196**	**67,092**	**14,010**	**985,504**
Depreciation rates		**%5**	**%33.3**	**%20**	**%33.3**	**%20**	**%20**	

Net fixed assets value on the balance sheet date includes EGP 57,328 thousand non registered assets while their registrations procedures are in process.

27. Due to banks

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Current accounts	224,002	945,684
Deposits	1,376,767	185,701
Total	**1,600,769**	**1,131,385**
Central banks	816,844	12,386
Local banks	271,845	221,043
Foreign banks	512,080	897,956
Total	**1,600,769**	**1,131,385**
Non-interest bearing balances	59,127	899,657
Fixed interest bearing balances	1,541,642	231,728
Total	**1,600,769**	**1,131,385**
Current balances	224,002	945,684
Non-current balances	1,376,767	185,701
Total	**1,600,769**	**1,131,385**

28. Due to customers

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Demand deposits	43,282,846	30,502,057
Time deposits	42,996,421	35,408,462
Certificates of deposit	37,518,922	31,001,139
Saving deposits	25,790,179	21,603,688
Other deposits	5,646,048	3,459,613
Total	**155,234,416**	**121,974,959**
Corporate deposits	82,185,251	61,934,339
Individual deposits	73,049,165	60,040,620
Total	**155,234,416**	**121,974,959**
Non-interest bearing balances	26,385,328	33,961,670
Fixed interest bearing balances	128,849,088	88,013,289
Total	**155,234,416**	**121,974,959**
Current balances	115,115,076	88,300,091
Non-current balances	40,119,340	33,674,868
Total	**155,234,416**	**121,974,959**

29. Long term loans

	Interest rate %	Maturity date	Maturing through next year EGP Thousands	Balance on Dec. 31, 2015 EGP Thousands	Balance on Dec. 31, 2014 EGP Thousands
Financial Investment & Sector Cooperation (FISC)	3.5 - 5.5 depends on maturity date	3-5 years	3,889	3,889	-
Environmental Compliance Project (ECO)	3.5 - 5.5 depends on maturity date	3-5 years	550	550	1,690
Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	12,000	28,000	105,075
Social Fund for Development (SFD)	3 months T/D or 9% which is more	4 January 2020	28,472	98,889	136,113
Total			**44,911**	**131,328**	**242,878**

30. Other liabilities

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Accrued interest payable	763,040	629,260
Accrued expenses	586,640	515,716
Accounts payable	1,078,821	1,171,126
Other credit balances	193,768	293,350
Total	**2,622,269**	**2,609,452**

31. Other provisions

Dec. 31, 2015	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance EGP Thousands
Provision for income tax claims	22,145	-	-	-	-	22,145
Provision for legal claims	40,435	1,686	53	(12,113)	(505)	29,556
Provision for Stamp Duty	31,000	-	-	-	-	31,000
Provision for contingent	620,547	125,764	12,863	-	-	759,174
* Provision for other claim	16,185	8,416	414	(5,129)	-	19,886
Total	**730,312**	**135,866**	**13,330**	**(17,242)**	**(505)**	**861,761**

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

** Total Provision for other claim formed on December 31, 2015 amounted to EGP 8,416 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 11,470,603 thousand to be divided on 1,147,060 thousand shares with EGP 10 par value for each share and registered in the commercial register dated 19th November 2015

- Increase issued and Paid in Capital by amount EGP 2,294,121 thousand on December 10, 2015 according to Ordinary General Assembly Meeting decision on March 12 ,2015 by distribution of a one share for every four outstanding shares by capitalizing on the General Reserve.
- Increase issued and Paid in Capital by amount EGP 94,748 thousand On April 5,2015 to reach EGP 9,176,482 thousand according to Board of Directors decision on November 11, 2014 by issuance of sixth tranch for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 79,299 thousand On March 23,2014 to reach EGP 9,081,734 thousand according to Board of Directors decision on December 10, 2013 by issuance of fifth tranch for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 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 29,348 thousand On April 7,2013 to reach EGP 6,001,624 thousand according to Board of Directors decision on october 24,2012 by issuance of fourth tranch for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 37,712 thousand on April 9, 2012 in according to Board of Directors decision on December 22,2011 by issuance of third tranch for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 33,119 thousand on July 31, 2011 in according to Board of Directors decision on November 10,2010 by issuance of second tranch for E.S.O.P program.
- The Extraordinary General Assembly approved in the meeting of June 26, 2006 to activate a motivating and rewarding program for the Bank's employees and managers through Employee Share Ownership Plans (ESOP) by issuing a maximum of 5% of issued and paid-in capital at par value ,through 5 years starting year 2006 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.
- The Extraordinary General Assembly approved in the meeting of April 13,2011 continue to activate a motivating and rewarding program for The Bank's employees and managers through Employee Share Ownership Plans (ESOP) by issuing a maximum of 5% of issued and paid- in capital at par value ,through 5 years starting year 2011 and delegated the Board of Directors to establish the rewarding terms and conditions and increase the paid in capital according to the program.
- Dividend deducted from shareholders' equity in the Year that the General Assembly approves the dispersment of this dividend, which includes staff profit share and remuneration of the Board of Directors stated in the law.

32.2. Reserves

According to The Bank status 5% of net profit is to increase legal reserve until it reaches 50% of The Bank's issued and paid in capital.

Central Bank of Egypt concurrence for usage of special reserve is required.

33. Deferred tax assets (Liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets (Liabilities) Dec. 31, 2015 EGP Thousands	Assets (Liabilities) Dec. 31, 2014 EGP Thousands
Fixed assets (depreciation)	(22,367)	(28,456)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	14,553	17,970
Intangible Assets & Good will	3,255	-
Other investments impairment	123,243	82,888
Reserve for employee stock ownership plan (ESOP)	60,870	49,335
Interest rate swaps revaluation	335	-
Trading investment revaluation	78,927	-
Forward foreign exchange deals revaluation	(659)	-
Total	**258,157**	**121,737**

34. Share-based payments

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

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

	Dec. 31, 2015 No. of shares in thousand	Dec. 31, 2014 No. of shares in thousand
Outstanding at the beginning of the year	21,872	23,918
Granted during the year*	11,370	7,038
Forfeited during the year	(3,394)	(1,154)
Exercised during the year	(9,475)	(7,930)
Outstanding at the end of the year	**20,373**	**21,872**

Details of the outstanding tranches are as follows:

Maturity date	EGP Exercise price	EGP Fair value *	No. of shares in thousand
2016	10.00	13.47	6,806
2017	10.00	18.27	8,139
2018	10.00	31.67	5,428
Total			**20,373**

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

	9th tranche	8th tranche
Exercise price	10	10
Current share price	39.35	26.06
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.

** The equity instruments fair value and number of shares for the seventh,eighth and ninth trenches have been adjusted to reflect the dilution effect of the Stock dividend that took place in 2015.*

35. Reserves

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Legal reserve	803,355	621,084
General reserve	1,518,373	1,850,496
Retained earnings (losses)	(64,566)	(155,160)
Special reserve	30,214	28,108
Reserve for A.F.S investments revaluation difference	(2,202,462)	(593,236)
Banking risks reserve	2,513	1,991
Total	**87,427**	**1,753,283**

35.1. Banking risks reserve

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

35.2. Legal reserve

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

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

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Beginning balance	(593,236)	(720,479)
Unrealized losses from A.F.S investment revaluation	(1,609,226)	127,243
Ending balance	**(2,202,462)**	**(593,236)**

35.4. Retained losses

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Beginning balance	(155,160)	(546,531)
Dividend previous year	(4,700)	-
Change in owner ship percentage	1,368	9
Transferred to retained losses	93,926	391,362
Ending balance	**(64,566)**	**(155,160)**

36. Cash and cash equivalent

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Cash and balances with central bank	9,848,954	7,502,256
Due from banks	21,002,305	9,521,999
Treasury bills and other governmental notes	22,130,170	30,548,890
Obligatory reserve balance with CBE	(8,268,202)	(5,392,596)
Due from banks with maturities more than three months	(15,478,335)	(5,007,462)
Treasury bills with maturities more than three months	(16,612,361)	(22,110,185)
Total	**12,622,531**	**15,062,902**

37. Contingent liabilities and commitments

37.1. Legal claims

There are a number of existing cases filed against the bank on December 31,2015 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 15,460 thousand as follows:

	Investments value	Paid	Remaining
Available for sale financial investments	77,301	61,841	**15,460**

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 50,013 thousand.

37.3. Letters of credit, guarantees and other commitments

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Letters of guarantee	29,640,729	23,262,617
Letters of credit (import and export)	862,279	1,289,834
Customers acceptances	504,774	757,509
Total	**31,007,782**	**25,309,960**

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Loans commitments (Customers limit authorized not utilized)	24,237,408	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 18,902,970 with redeemed value EGP 4,793,982 thousands.
- The market value per certificate reached EGP 253.61 on December 31, 2015.
- The Bank portion got 601,064 certificates with redeemed value EGP 152,436 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 1,109,595 with redeemed value EGP83,841 thousands.
- The market value per certificate reached EGP 75.56 on December 31, 2015.
- The Bank portion got 194,744 certificates with redeemed value EGP 14,715 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 670,405 with redeemed value EGP 29,994 thousands.
- The market value per certificate reached EGP 44.74 on December 31, 2015.
- The Bank portion got 71,943 certificates with redeemed value EGP 3,219 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 164,560 with redeemed value EGP 24,646 thousands.
- The market value per certificate reached EGP 149.77 on December 31, 2015.
- The Bank portion got 50,000 certificates with redeemed value EGP 7,489 thousands.

Thabat fund

- CIB bank established an accumulated return mutual fund under license no.613 issued from financial supervisory authority on September 13, 2011. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 1,997,530 with redeemed value EGP 320,604 thousands.
- The market value per certificate reached EGP 160.50 on December 31, 2015.
- The Bank portion got 52,404 certificates with redeemed value EGP 8,411 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 501,219 with redeemed value EGP 44,779 thousands.
- The market value per certificate reached EGP 89.34 on December 31, 2015.
- The Bank portion got 59,809 certificates with redeemed value EGP 5,343 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	784,014
Deposits	286,691
Contingent liabilities	286,741

39.2. Other transactions with related parties

	Income EGP Thousands	Expenses EGP Thousands
International Co. for Security & Services	439	83,668
Corplease Co.	30,933	343
Commercial International Brokerage Co.	8,782	6,745
Dynamics Company	11	647
Egypt Factors	12,947	135
CI Assets Management	416	7
Commercial International Capital Holding Co.	53,681	562
Haykala for Investment	660	281

40. Main currencies positions

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Egyptian pound	166,732	(141,124)
US dollar	(191,276)	63,391
Sterling pound	(660)	(279)
Japanese yen	356	20
Swiss franc	32	(442)
Euro	(8,018)	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 2012.

Corporate income tax annual return is submitted.

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's stamp duty tax is under re-examination for the period from 1/8/2006 till 30/9/2015 accoding to the protocol between the Federation of Egyptian banks and the tax authority.

42. Goodwill and Intangible assets:

CIB acquired Citibank - Egypt's retail banking portfolio and card business on 29/10/2015.

The acquired portfolio balances as of 31/12/2015 are:

	Dec. 31, 2015 EGP Thousands
Loans and advances to customers	1,078,684
Due to customers	1,380,765

Due to the acquisition process Goodwill and Intangible assets have been arisen with the following balances :

42.1. Goodwill

Book value at acquisition	217,078
Amortization	(7,236)
Net book value	**209,842**

42.2. Intangible assets:

Book value at acquisition	651,041
Amortization	(21,701)
Net book value	**629,340**

According to Central Bank of Egypt regulation issued on Dec 16, 2008, an amortization of 20% annualy has been applied on goodwill and intangible assets starting from acquisition date.

43. Non-current assets held for sale

	Dec. 31, 2015 EGP Thousands
Due from banks	246,791
Treasury bills and other governmental notes	2,085
Trading financial assets	33,655
Brokerage clients - debit balances	657,560
Financial investments available for sale	16,123
Reconciliation accounts- debit balances	978
Other assets	86,525
Deferred tax assets	3,234
Property, plant and equipment	19,319
Total	**1,066,270**

43. Non-current liabilities held for sale

	Dec. 31, 2015 EGP Thousands
Brokerage clients - credit balances	223,840
Other liabilities	124,628
Current tax liabilities	13,653
Other provisions	9,501
Total	**371,622**
Minority interest	4,066
	375,688
Net	**690,582**

Net profit from discontinued operations

	Dec. 31, 2015 EGP Thousands	Dec. 31, 2014 EGP Thousands
Interest and similar income	7,692	15,162
Interest and similar expense	(59,443)	(35,827)
Fee and commission income	301,859	261,111
Fee and commission expense	(1,393)	(2,026)
Dividend income	2,555	4,768
Net trading income	(6,627)	1,473
Administrative expenses	(181,634)	(176,935)
Other operating (expenses) income	8,152	21,331
Net Profit Before Tax	**71,161**	**89,057**
Income tax expense	(13,653)	(16,664)
Deferred tax	3,607	(175)
Net profit of the year	**61,115**	**72,218**

CI Capital Holding

CIB Board of Directors initially agreed to carry out acts of the due diligence examination for CI Capital Holding during the meeting held in to determine the company's fair value for the purpose of selling the bank's full stake.

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