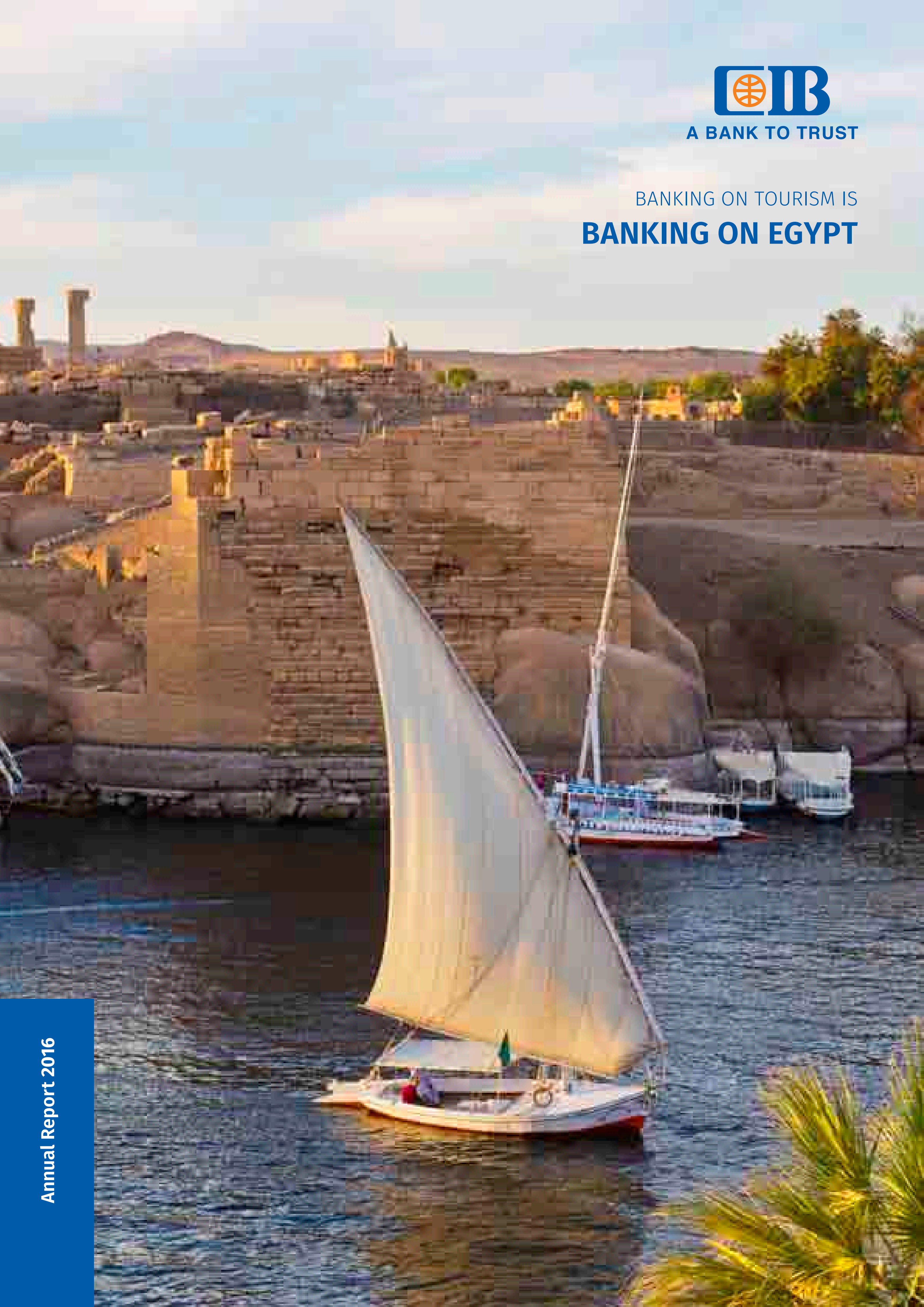
A BANK TO TRUST

BANKING ON TOURISM IS

BANKING ON EGYPT



Annual Report 2016

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All images in this annual report were shot by Zeina Abaza at Inktank Communications from 6 November 2016 to 31 January 2017. Zeina is a graduate of Parsons School of Design.

TIMELINE OF MILESTONES

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 centre 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 million 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 and largest Euro-syndicated loan (USD 200 million)
- 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
- 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 million Repo transaction in local market
- First and largest Egyptian bank to provide securitisation trustee services

2007

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

2008

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

2009

- CIB becomes first regional bank to introduce unique concierge and MasterCard emergency services
- Only Egyptian bank recognised as 'Best Bank in Egypt' by four publications: Euromoney, Global Finance, EMEA Finance, and 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 and secondary markets for Treasury Bills and 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 institutionalised 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 and unconventional currencies

2012

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

In 2016, CIB became the first Egyptian bank recognised as an active member in the globally renowned United Nations Environmental Program - Financial Initiative.

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 and road map, endorsed and monitored by the BoD
- Becomes the first to use RAROC
- 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 centre 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
- CIB becomes the first bank in Egypt to sponsor the establishment of intensive care units in Sohag through the Foundation, donating EGP 6 million 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 recognise conduct risk and establish a framework for it, despite the lack of regulatory requirements

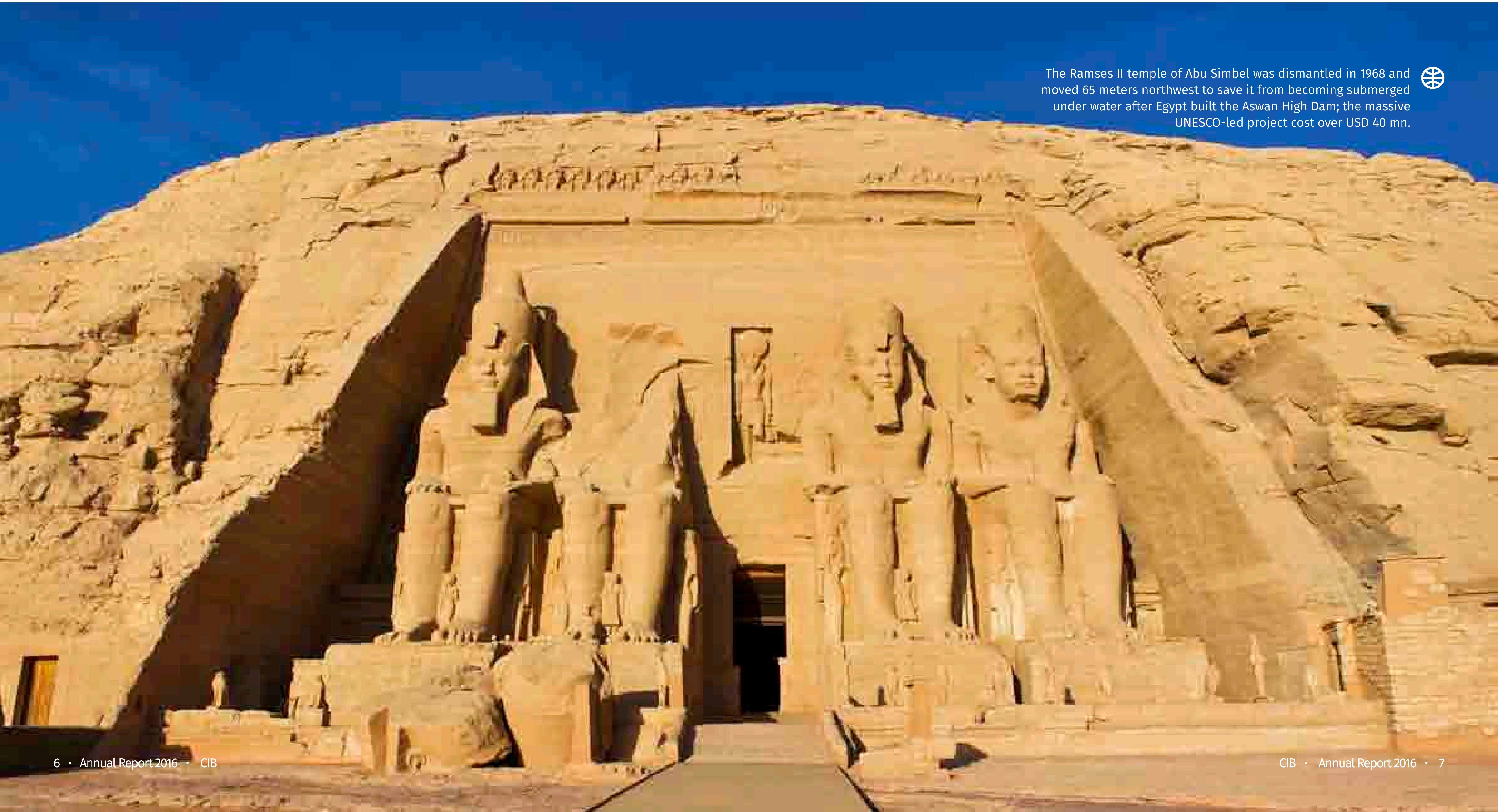
2016

- CIB launches its mobile banking application, which includes various banking services and offers clients numerous features to conveniently manage their accounts
- CIB becomes the first Egyptian bank recognised as an active member in the globally renowned United Nations Environmental Program - Financial Initiative
- CIB wins the Socially Responsible Bank of the Year 2016 award from African Banker
- Recognised for the first time for several awards, including:
  - Best Bank in Egypt Supporting Women Owned and Women Run Businesses by the American Chamber of Commerce in Egypt
  - Two awards in Achievement in Liquidity Risk and Operational Risk for Middle East & Africa by Asian Banker for 2016
  - Best Retail Risk Management Initiative by Asian Banker for 2016
  - Most Active Issuing Bank in Egypt in 2015 by The European Bank for Reconstruction and Development
  - Middle East Most Effective Recovery 2016 by BCI

In ancient times, Luxor, originally known as Thebes, was Egypt's centre of power; today many of its temples and royal tombs remain astonishingly well-preserved.

INTRODUCTION

At CIB, we strive to maintain sustainable growth by consistently creating value for all our stakeholders.



The Ramses II temple of Abu Simbel was dismantled in 1968 and moved 65 meters northwest to save it from becoming submerged under water after Egypt built the Aswan High Dam; the massive UNESCO-led project cost over USD 40 mn.

Taba is one of Egypt's most strategic and picturesque coastal towns in South Sinai; from the mountains of Taba the countries of Jordan, Saudi Arabia and Israel are all visible.

OUR HISTORY

Commercial International Bank (CIB) was founded in 1975 as Chase National Bank, a joint venture between Chase Manhattan Bank and the National Bank of Egypt (NBE). 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 specialising 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 realisation 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 by a non-executive member.

WHAT WE DO

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

CIB operates in every segment of the banking sector including corporate, commercial, retail wealth management and SME, all delivered through client-centric teams.

The Bank also owns two subsidiaries, including CI Capital Holding (which offers asset management, investment banking, brokerage and research services, and financial leasing after it acquired CIB's stake in Corplease in December 2015) and Falcon Group.

At CIB, we strive to maintain sustainable growth by consistently creating value for all our stakeholders. With its dynamic business model and superior technology integrated into its products and services, CIB continues to provide its clients with innovative financial solutions that satisfy all of their financial needs and facilitate their lives. 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 recognised as the preeminent corporate bank in Egypt, CIB aspires to become one of the best banks in the region, 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 loan teams facilitate market access for large borrowers, providing them with world-class services at execution times that far exceed the market average.

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

Digital Banking and Global Transactional Services
Digital Banking & GTS manages all corporate and consumer online channels from the business side. The vision of the department is to make CIB part of our customers' daily activities through an outstanding, simple, trusted, enjoyable and advisory digital financial experience that meets customers' needs anytime, anywhere on any device.

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 improving 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 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 and 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:*** This division 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 personalised 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 nearly 40,000 SMEs 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.

KEY FACTS

6,714 employees serve some 948,594 active customers	**EGP 267.5 billion in total assets**	**228,248 internet banking subscribers**	**More than 21,276,165 website views**	**Over 500 of Egypt's largest corporations bank with CIB**

Egypt's Number One Bank

in terms of:

PROFITABILITY
EGP 6.01 billion in net income, more profitable than any other Egyptian private-sector bank

REVENUE
EGP 11.3 billion in total revenues, higher than any other Egyptian private-sector bank

NET WORTH
EGP 21.4 billion in net worth, the highest among all Egyptian private-sector banks

MARKET CAPITALISATION
EGP 84.3 billion, the largest in the Egyptian banking sector

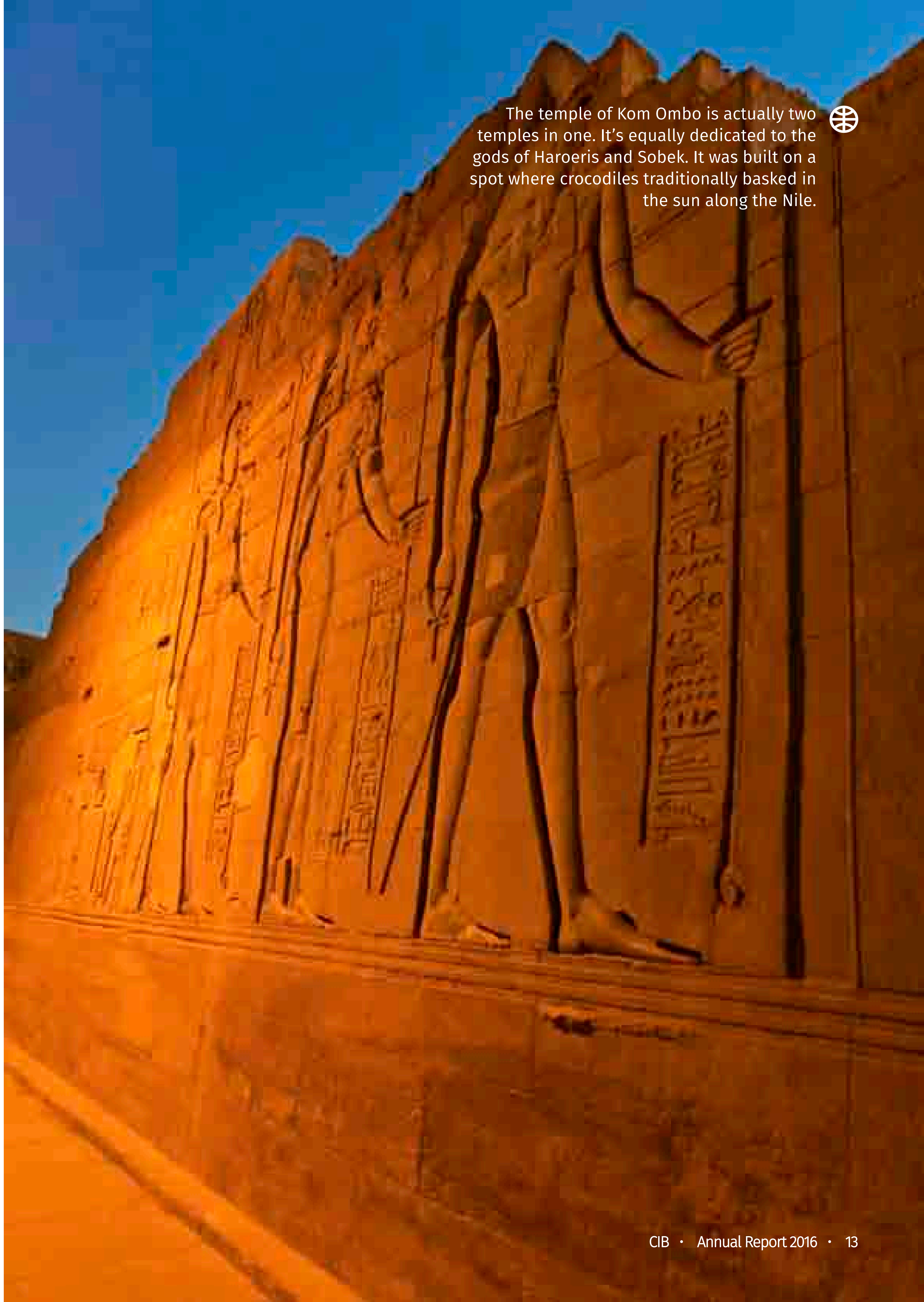
DEPOSIT MARKET SHARE*
8.10% market share, the largest among Egyptian private-sector banks

* *as of October 2016.*

KEY FINANCIAL HIGHLIGHTS

	FY 16 Consolidated	FY 15 Consolidated	FY 14 Consolidated	FY 13 Consolidated	FY 12 Consolidated	FY 11 Consolidated	FY 16	FY 15	FY 14	FY 13	FY 12	FY 11	FY 10	FY 09	FY 08	FY 07
Common Share Information Per Share																
Earning Per Share (EPS) *							4.56	3.58	3.55	2.67	2.42	2.43	3.00	2.63	4.89	3.73
Dividends (DPS)							0.50	0.75	1.20	1.00	1.25	1.00	1.00	1.50	1.00	1.00
Book Value (BV/No of Share)							18.44	14.39	16.31	13.46	18.94	15.03	14.59	23.75	19.25	20.93
Share Price (EGP) **																
High							73.6	47.4	51.3	45.4	39.8	47.4	79.49	59.7	93.4	95
Low							30.8	28.9	32.6	27.4	21.1	18.5	33.75	29.5	27.87	53.61
Closing							73.1	38.1	49.2	32.6	34.6	18.7	47.4	54.68	37.2	91.77
Shares Outstanding (millions)							1153.9	1147.1	908.2	900.2	597.2	593.5	590.1	292.5	292.5	195
Market Capitalisation (EGP millions)							84,290	43,692	44,673	29,330	20,646	11,098	27,973	15,994	10,881	17,895
Value Measures																
Price to Earnings Multiple (P/E)							16.0	10.6	13.9	12.2	14.3	7.7	15.8	20.8	7.6	24.6
Dividend Yield (based on closing share price)							0.68%	1.97%	2.44%	3.07%	3.62%	5.35%	2.11%	2.74%	2.69%	1.09%
Dividend Payout Ratio							9.7%	18.5%	29.9%	34.4%	33.9%	33.9%	27.6%	24.6%	18.1%	15.8%
Market Value to Book Value Ratio							3.96	2.65	3.02	2.42	1.83	1.24	3.25	2.30	1.93	4.38
Financial Results (EGP millions)																
Net Operating Income***	11,315	10,189	7,741	6,700	5,344	3,934	11,370	10,165	7,717	6,206	5,108	3,837	3,727	3,173	3,200	2,288
Provision for Credit Losses - Specific	893	1,682	589	916	610	321	893	1,682	589	916	610	321	6	9	346	193
Provision for Credit Losses - General															49	57
Total Provisions	893	1,682	589	916	610	321	893	1682	589	916	610	321	6	9	395	250
Non Interest Expense	2,433	2,025	1,705	1,608	1,653	1,557	2,433	2,028	1,705	1,450	1,445	1,337	1,188	1,041	950	636
Net Profits	6,009	4,729	3,741	3,006	2,226	1,615	5,951	4,641	3,648	2,615	2,203	1,749	2,141	1,784	1,615	1,233
Financial Measures																
Cost : Income	21.36%	19.61%	22.84%	23.54%	30.64%	40.04%	21.26%	19.69%	22.91%	22.89%	28.01%	35.26%	33.11%	32.31%	29.89%	27.12%
Return on Average Common Equity (ROAE)****	34.24%	33.46%	31.31%	29.45%	25.49%	20.86%	34.03%	32.80%	30.25%	24.77%	24.18%	22.23%	30.46%	31.18%	34.98%	34.62%
Net Interest Margin (NII/average interest earning assets)							5.47%	5.74%	5.41%	5.36%	4.74%	3.71%	3.62%	3.81%	3.54%	3.12%
Return on Average Assets (ROAA)	2.71%	2.95%	2.94%	2.93%	2.51%	2.03%	2.70%	2.90%	2.87%	2.54%	2.47%	2.20%	3.11%	2.97%	3.10%	2.90%
Regular Workforce Headcount	6,714	6,332	5,697	5,490	5,181	4,867	6,422	5,983	5,403	5,193	4,867	4,517	4,360	4,162	3,809	3,132
Balance Sheet and Off Balance Sheet Information (EGP millions)																
Cash Resources and Securities (Non. Governmental)	77,523	34,808	19,328	16,413	16,140	18,990	73,035	34,097	19,430	16,646	16,764	19,821	16,854	16,125	14,473	21,573
Net Loans and Acceptances	85,384	56,836	48,804	41,866	41,877	41,065	86,152	57,211	49,398	41,970	41,877	41,065	35,175	27,443	26,330	20,479
Assets	267,544	179,500	143,813	113,752	93,957	85,506	263,852	179,193	143,647	113,752	94,405	85,628	75,093	64,063	57,128	47,664
Deposits	231,741	155,234	121,975	96,846	78,729	71,468	231,965	155,370	122,245	96,940	78,835	71,574	63,480	54,843	48,938	39,515
Common Shareholders Equity	21,374	16,535	14,754	11,960	10,765	8,712	21,276	16,512	14,816	12,115	11,311	8,921	8,609	6,946	5,631	4,081
Average Assets	223,522	161,657	128,783	103,854	89,731	80,480	221,523	161,420	128,700	104,079	90,017	80,361	69,578	60,595	52,396	42,543
Average Interest Earning Assets	203,053	146,033	117,031	94,749	80,063	70,913	203,625	145,835	117,133	94,605	79,834	70,549	61,624	53,431	44,602	36,603
Average Common Shareholders Equity	18,955	15,645	13,357	11,362	9,738	8,640	18,894	15,664	13,465	11,713	10,116	8,765	7,777	6,288	4,856	3,560
Balance Sheet Quality Measures																
Equity to Risk-Weighted Assets****	13.34%	15.76%	15.77%	15.28%	14.88%	14.11%	13.28%	15.74%	15.84%	15.50%	15.69%	14.49%	15.85%	15.34%	13.93%	13.60%
Risk-Weighted Assets (EGP billions)	150	96	84	70	65	55	150	96	84	70	65	55	49	41	37	30
Tier 1 Capital Ratio*****	12.90%	15.01%	15.70%	15.23%	14.33%	14.15%	12.90%	15.01%	15.70%	15.23%	14.33%	14.15%	15.66%	15.28%	13.74%	10.17%
Adjusted Capital Adequacy Ratio*****	13.97%	16.06%	16.77%	16.32%	15.71%	15.40%	13.97%	16.06%	16.77%	16.32%	15.71%	15.40%	16.92%	16.53%	14.99%	14.70%

** Based on net profit available to distribution (after deducting staff profit share and board bonus)*
*** Unadjusted to stock dividends 2,485,501*
**** 2016, 2015 and 2014 excluded CI Capital profit (discontinued operations)*
***** Total equity after profit appropriation*
****** After profit appropriation, from 2012 to 2016 as per Basel II regulations*



The temple of Kom Ombo is actually two temples in one. It's equally dedicated to the gods of Haroeris and Sobek. It was built on a spot where crocodiles traditionally basked in the sun along the Nile.

OUTPERFORMING IS OUR STRATEGY

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

Our strategy is simple; it revolves around outperforming in all aspects of our business. In that quest for excellence, CIB handpicks its staff members, continuously upgrading and enhancing their skill set through comprehensive training programs, as we believe they are vital to 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 realise 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

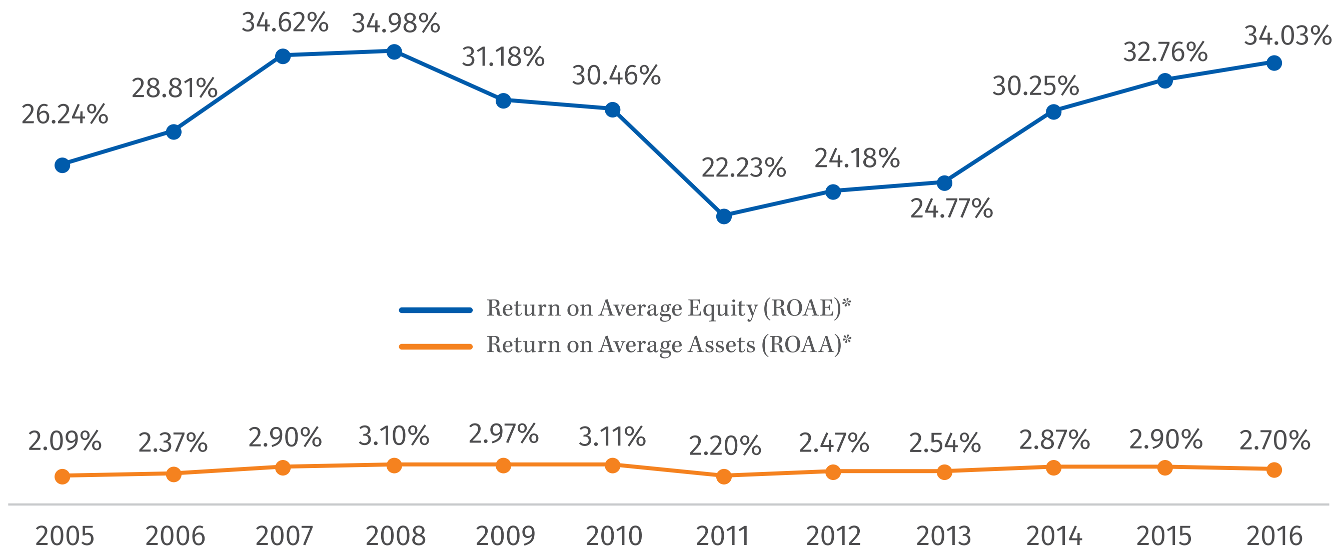
Innovation

- 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 seek to lead Egypt's financial services industry to the future, with innovation being key to serving the millions of Egyptians who remain unbanked or underserved

Hard Work

- Our work is governed by discipline and perseverance to achieve outstanding results for both our clients and stakeholders
- Our commitment to our clients is guided by our drive for excellence

An Outstanding Track Record



** Both after profit appropriation on a standalone basis*

- We work with our clients to accomplish their current 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 skill set
- 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 for 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 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

CIB'S STOCK

CIB first offered its shares to the public in 1995 and has since become the biggest stock on the EGX and the gateway to Egypt. Investors and analysts often view CIB as a proxy for the Egyptian economy, with the Bank acting as a mirror for the local banking sector: the near-term recovery is captured in the credit outlook, while the longer-term story of low financial penetration is captured in the expansion of retail banking.

CIB was the first Egyptian bank to offer its shares on international markets with a Global Depository Receipt (GDR) program on the London Stock Exchange in 1996. In 2001, CIB was yet again a first, this time being the first Egyptian bank to register its shares on New York Stock Exchange in the form of American Depository Receipts (ADR) Level 1 program.

In 2012, the Bank began trading on OTCQX International Premier, a segment of the OTCQX marketplace reserved for world-leading non-US companies listed on a qualified international exchange and providing their home country disclosure to US investors.

CIB has the highest weight (around 37.6%) in the EGX 30 index. With a free float ratio of 93% (the highest free float on the EGX 30), CIB is one of Egypt's most liquid stocks and the most valuable financial institution with a market cap of 84.3 billion as of end-December 2016.

CIB's depository receipt program reached 384,582,396 shares as of year-end 2016.

The institutional shareholder structure of CIB by region is 6.85% UK and Ireland, 57.46% North America, 4.35% Europe, 13.13% Gulf, 13.53% Africa and 4.69% rest of the world.

CIB continuously works toward increasing value created for stakeholders. The Bank maintains a proactive investor relations program to keep shareholders abreast of developments that could have had an impact on the Bank's performance. The Investor Relations team and senior management invest significant time in one-on-one meetings, road shows, investor conferences, conference calls and a proactive stream of disclosures while simultaneously ensuring analysts have the information they needed to maintain balanced coverage of the Bank's shares. During 2016, CIB Investor Relations took part in 12 national and international investor conferences in the UK, US and Gulf with the participation of senior management, in addition to 252 one-on-one meetings with 427 international investment funds. CIB hosted several conference calls throughout the year, bringing its senior management together with the investor community in 2016, and held presentations on its financial results four times during the year. It also conducted presentations on its operating plan that described its future projections.

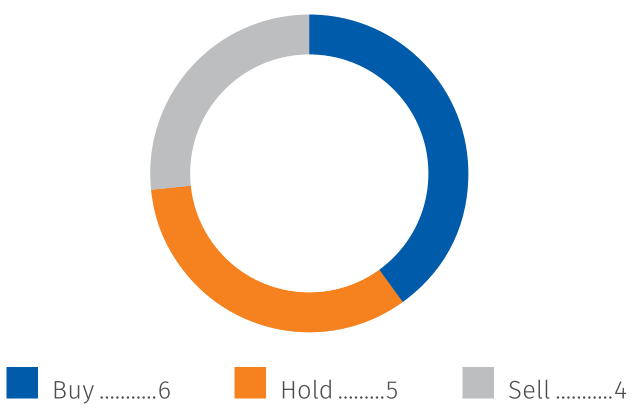
Regular updates and releases along with the presentations were posted on the Investor Relations website for the convenience of the Bank's investors from around the world, giving them easy access to all the information they need.

As a result of the team's conscious efforts to boost corporate access, in a 2016 Middle East Investor Relations Study carried out by Extel in partnership with the Middle East Investor Relations Society (MEIRS), CIB was named the "Leading Corporate for Investor Relations in Egypt," while the head of Investor Relations also received a nod as the "Best Investor Relations Professional – Egypt". This is the third year running in which CIB has received at least one award from MEIRS.

Equity Analysts Ratings

CIB is widely covered by leading research houses both domestically and internationally. In 2016, 15 institutions regularly issued research reports on CIB. As of the end of 2016, 6 analysts held Buy, 5 analysts held Hold and 4 analysts held Sell recommendations on CIB.

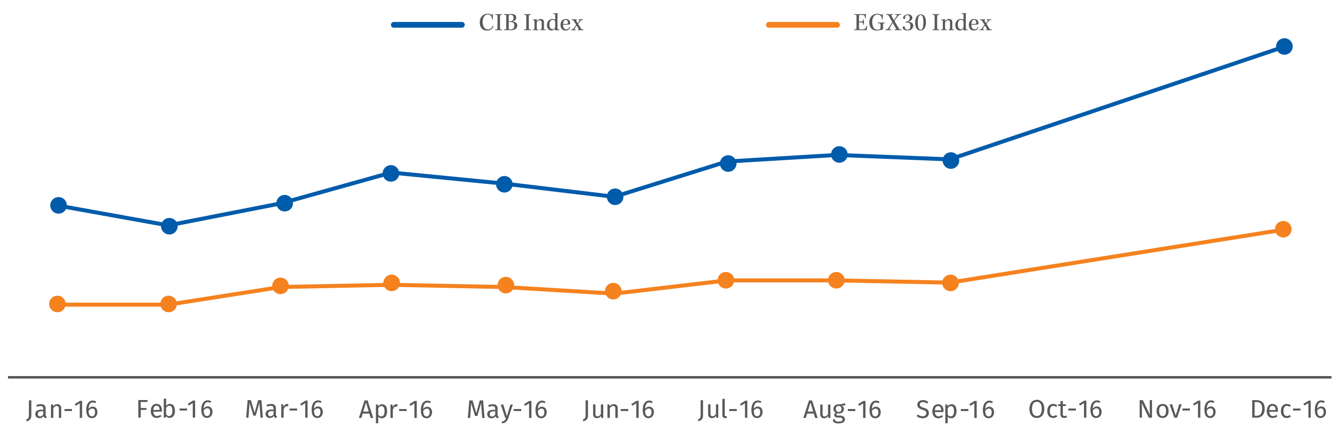
Analyst Recommendations



Symbols and Codes

Egyptian Stock Exchange (EGX)	SYMBOL: COMI
London Stock Exchange (LSE)	SYMBOL: CBKD
New York Stock Exchange (NYSE)	SYMBOL: CIBEY

Stock Performance in 2016



Key Indicators

1,154 mn Outstanding Shares	EGP 10.00 Par Value	1:1 GDR Convertibility
EGP 84.3 bn Largest Market Cap	37.6% Highest Weight in EGX 30	EGP 4.56 Earnings per Share*

** EPS calculation is based on standalone financial statements.*

A NOTE FROM OUR CHAIRMAN

Dear Shareholders,

For more than 18 months, the management team of this institution has been preoccupied with technology. How will it help us reach new customers — and better-serve the long-term corporate and consumer clients who are the backbone of this institution? How can it make us more efficient, whether in cross-selling products or in helping our clients acquire new businesses, manage payrolls, and remit customs payments? How can we harness it to drive financial inclusion and sharply raise the banking penetration rate in a market that remains exceptionally under-banked, regardless of the metric or methodology underpinning the study?

In thinking about technology, it has become vogue to consider not just the opportunity, but the threat: What does artificial intelligence (AI) mean to industries of all forms? Will it replace bankers? Will self-driving cars directed by AI replace whole classes of jobs, from taxi drivers to corporate logistics fleets? Extend the logic and you have a whole new field of economics and punditry about what the “rise of the robots” and declining global populations mean for humanity in a future in which we will need fewer people and fewer resources to deliver products and services.

Our belief in the transformative power of technology is one of the lynch pins of our short- and long-term strategies alike. Our awareness of its limits underpin the visual theme of our 2016 Annual Report: The amazing natural, historical and religious wonders that comprise our tourism industry.

This great nation’s tourism industry has been hard-hit by the events that have unfolded since 2011, but the Pyramids are still standing, as is the Sphinx. Our white, sandy beaches and crystal-clear waters are still among the most attractive in the globe. The only changes desert adventurers will find are those that have been wrought by time and winds. Coptic Cairo is still thriving, as are Old Cairo and the historic Citadel district. Alexandria still throngs with the energy of an ancient seaport.

This holds true today, and with good stewardship it will stand true for generations to come. Technology and changing global demographics may erode jobs in traditional manufacturing and resource industries, but technology will never supplant the experience of physically going on a real holiday to a destination.

Our nation is presently undergoing an aggressive economic reform program. Our economic future is increasingly clear: Domestic consumption will be powered by a large, young and fast-growing population — and the twin imperatives of import substitution and export-led growth will fuel a resurgence in manufacturing. As that unfolds, it is critical that we remember that tourism is, in many ways, not just the ultimate export, but a competitive edge that will turbocharge the growth of countless other industries.

Across decades, tourism will prove to be the ultimate counter-cyclical play.

From the well-known to the relatively undiscovered, our annual report this year highlights the many destinations and activities that will back economic growth in the decades to come — and which CIB has made a core part of its strategy.

EGP **84.3** bn
market capitalisation as of year-end

It is an industry that will be changed by technology, but not made obsolete by it. It demands upgrades of existing skill sets, and above all, it demands careful planning.

It will also demand continued vigilance on the security front and robust investment in education. Our population of nearly 100 million people is not a liability, but a renewable resource whose value will be unlocked by education.

The same vision and critical approach that allows us to see around the corner to what's next for the tourism industry informed our approach to 2016, a year that can only be said to have been replete with business surprises — positive and negative alike. Our management team thus remained appropriately conservative in its approach to risk management. This approach is not new: We have long argued that the higher risk cliff associated with doing business in an emerging market demands a conservative, preemptive and counter-cyclical approach. I am pleased to report that this same approach allowed us to turn in a record bottom-line performance despite the challenges of the year.

That said, we are not content to celebrate a single year's results: Our operating model prizes sustainability, and the bedrock on which our long-standing conviction that every single CIB employee is a risk manager as we look to achieve a judicious balance between growing the bottom line and preserving the interests of our shareholders over the long term.

Going forward, we are increasingly optimistic about the macro picture, but cognizant that short-term volatility will be the order of the day. If the shock to the system in 2016 was the welcome float of the Egyptian pound, change will come in 2017 from both the adjustment to this new reality and from the ongoing drive to reform the subsidy system. It is clear that having 80% of the value of the subsidy program disproportionately benefit the 20% of the society that needs it least was the wrong formula. This year, every business — from the single-person micro-businesses to the largest corporations — will have to re-examine how they do business, from expenses to pricing. As they do so, they will uncover weaknesses — and brilliant new opportunities.

That's why our 2017 focus will be on transformation: From our business banking segment to our largest corporate clients, we will be laser-focused on helping our small business clients become medium-sized enterprises, turning mid-sized businesses into large corporations, and helping large corporations unlock new value through organic and inorganic growth alike. The transformation of businesses from one stage to the next will be at the heart of building a sustainable, growing economy.

As we do, one thing will remain constant on the expense side here at CIB: The best investment of shareholder money that we can make is to invest in our people to ensure our own sustainability for generations to come.

Hisham Ezz Al-Arab
Chairman and Managing Director

Marsa Matrouh boasts some of the world's most stunning beaches and turquoise-blue waters

BOARD OF DIRECTORS REPORT

EGP **6.01** bn
consolidated net income in FY2016, up 27.09% y-o-y

Although 2016 was not short of challenges, CIB again demonstrated its strength and resilience by delivering strong financial performance in the face of subdued economic activity while honouring the Bank's commitment to its employees, customers and shareholders to be the leading financial institution in Egypt.

Among many noteworthy achievements of the past year, the Bank reported record net profit and revenues, produced healthy loan and deposit growth, maintained a solid capital foundation and worked to further enhance our excellent customer service.

Our ability to produce such accomplishments reflects CIB's distinctive business model and emphasises the Bank's agility to adapt to the changing macro and regulatory environments while operating within a solid strategic framework focused on sustainable growth.

Parting from that, we proudly present to you our Board of Directors Report detailing how CIB managed to work through the unusual circumstances and come out even stronger yet again.

Egypt: Short-Term Challenges … Long-Term Opportunities

2016 was globally foreseen as a year of opportunities arising on the back of resumed corporate activity and restored investor confidence, but year-to-date events have proven otherwise both on the local as well as the regional arenas.

The Egyptian economy had to deal with a burdensome agenda of a high budget deficit, foreign currency shortages, rising inflation, an ailing tourism sector and low remittances, FDIs or Suez Canal revenues. More economic headwinds included structural adjustment and a government reform program of unprecedented proportion — in conjunction with the IMF loan and other multilateral/bilateral funding sources — that included guelling fiscal consolidation measures and the historical floatation of the Egyptian pound (EGP), in an attempt to put the country's economic house in order and pave the way for economic stability.

To delve deeper into the economic activity over FY2016, one must look at the macro picture both prior to and after one major turning point: the liberalisation of the EGP.

Prior to the Floatation

The Egyptian economy faced major challenges marked by the high budget deficit of 11.8% of GDP, the severe foreign currency (FCY) shortages, where net international reserves were in the range of USD 16-17 billion throughout 2016 and reached USD 19.5 billion in September along with high and rising inflation rates exceeding 15% in August, a situation that led to the revision of Egypt's GDP growth forecasts down to 3.3% from 4.4%.

The inadequacy of the foreign currency supply along with an overvalued EGP hampered Egypt's competitiveness — lowering the volume of exports by 26% in 1Q FY2016.

The spread of terrorism in the Middle East as a spill over from the conflict in Syria and instability in Iraq has hit Egypt's already ailing tourism sector, and the crash of the Russian plane over the Sinai Peninsula brought it to an almost complete halt.

Other foreign currency revenues dried up as well. FDIs remained in a wait-and-see mode, driven by the haziness in the foreign exchange market and the anticipation of the devaluation/free float of the EGP. In addition, the persistent Chinese economic slowdown continued to take its toll on Suez Canal revenues.

Externally, the sluggish recovery of the Eurozone weighed on Egypt's growth, while lower oil prices and a slowdown in Gulf countries negatively impacted Egyptians' remittances and dwindled grants, aid and foreign currency deposits from GCC states that now must pursue structural reforms and cut down government spending to meet the new oil realities.

The Central Bank of Egypt (CBE) devalued the EGP by almost 13% in March 2016. The local currency was devalued to EGP 8.78 to the USD in an attempt to ease the foreign currency shortage by bringing the official rate closer to that of the parallel market and attract FDI.

In an effort to curb rising inflation, the Monetary Policy Committee (MPC) introduced a series of successive interest rate hikes: 50 bps in December 2015, 150 bps in March 2016 and 100 bps in June, raising the corridor rates to 11.75% and 12.75% for deposits and lending, respectively. The successive interest rate hikes had little impact over inflation rates given the continuous rises on the core and headline readings, and further restrained growth by raising the cost of borrowing for companies. Furthermore, such hikes did not support the government's ambitions in reducing its widening deficit.

2016 witnessed the resumption of talks with the IMF for a USD 12 billion Extended Fund Facility (EFF) to support a government reform program aimed to improve the functioning of the foreign exchange markets, bring down the budget deficit and government debt and create jobs, especially for women and youth. Some of the steps that were taken by the government supporting its commitment to reforms include further rationalisation of energy subsidies and implementing a value-added-tax (VAT) at 13% (increasing to 14% in 2017), which Parliament passed in August.

After the Floatation

In early November, the central bank announced that it was moving with immediate effect to a liberalised exchange rate regime to quell any distortions in the domestic foreign currency market and to allow market demand and supply dynamics to work effectively to create an environment of reliable and sustainable provision of foreign currency.

At the time of writing, the currency stands at around 18.27/USD, which represents a drop of 100% against the USD since before the floatation. Economists' consensus is that the EGP will witness further volatility over the next couple of years, but the big adjustment has already happened.

Besides the complete exchange rate liberalisation, the CBE also increased the overnight lending and deposit rates by 300 bps, bringing the deposit rate to 14.75% and lending rate to 15.75%. Also, immediately following the devaluation, the government upwardly adjusted administrative fuel prices by approximately 30-40% as phase 1 of a multi-year program to eliminate energy subsidies.

The costs of these reforms and the floatation translated to a 23.3% headline inflation and 25.86% core inflation as of December.

With the disbursement of the first tranche of the IMF loan, the conclusion of the People's Bank of China/CBE USD 2.7 billion swap agreement, and the upcoming launch of Egypt's USD 2-3 billion Eurobonds, the CBE is set to rebuild a strong reserve shield rather than support a specific exchange rate. Hence, net international reserves reached USD 24.3 billion at the end of December 2016.

Amid these changes, the Egyptian Stock market in 2016 was the world's best-performing market in 2016, according to the Egyptian Exchange's year-end report. The move to a liberalised exchange rate regime triggered one of the strongest bull equity market rallies in Egypt's history, portfolio inflows into equities and fixed income rebounded sharply after almost six years of absence and foreign strategic investors have started to actively eye investment opportunities. The EGX 30 index rose 74% in 2016, and the year saw one of the highest volume of foreigners' net-buying in the market and attracted 883 new funds and institutions.

During these extraordinary times, one fact remained unchanged, that is a safe, strong and resilient banking industry is absolutely critical to a country's success. The Egyptian banking sector has been the lifeblood that kept the economy going throughout the past six years. Egyptian banks managed through the cycles, continued to support the economy and came out, to a great extent, unharmed. Banks remain well funded because of their strong deposit base. Liquidity remains ample, with the loan-to-deposit ratio at 44.5% (one of the lowest in emerging economies) and substantial excess reserves. Stress tests performed by the CBE suggest that possible losses could be absorbed by banks' profits and capital buffers. Reiterating the fact that the fundamentals are solid and the sector is well poised to absorb the pent-up corporate demand and is steadfast in its ability to take advantage of the vast opportunities that still lie within the Egyptian market.

Outlook Moving Forward

As Egypt goes through a clear shift in monetary and fiscal policies aimed at easing pressure on the EGP and controlling mounting inflation and public spending, 2017 is a year where growth is expected to slow. But with the government's solid steps towards reforms along with an IMF deal now in place, growth should pick up from 2018 as inflation eases, monetary policy begins to be loosened and the Zohr gas field comes on stream.

CIB is and has always been at the forefront of change in the Egyptian banking industry, and we continue to grow our core and strategic capabilities to sustain our competitiveness.

The fall in the EGP's value will naturally involve some short-term challenges for the economy. In particular, import costs will rise, which, combined with measures to tighten fiscal policy such as the implementation of VAT and fresh subsidy cuts, will push inflation up in the coming months.

Moving forward, Egypt should be able to take advantage of the boost in competitiveness from a weaker EGP, which will help narrow the current account deficit, and there are already signs that foreign investors are returning to the country. In collaboration with the IMF, further economic reform is likely, which will act as an additional pull for foreign investors. All of this should support stronger medium-term growth. Within this context, Egypt is approaching the last mile of a bumpy 25-year economic reform process with full-fledged political commitment and comprehensive international support.

Heading into 2017, the following elements are needed to ensure smooth sailing through the current challenges:

- A proactive government that efficiently creates a better business climate, presses ahead with its reform agenda, and continues its focus on fiscal adjustment, legislative reform, improving the international standing and enhancing social protection.
- A patient private sector that realises the costs of reforms—and that demanding protection, special exemptions or a reversal of course will hinder economic activity.
- Policy stability that clearly defines the forthcoming Investment Act.
- Hard work and persistence that helps overcome current and potential bottlenecks.

Highlights of 2016

CIB is and has always been at the forefront of change in the Egyptian banking industry, and we continue to grow our core and strategic capabilities to sustain our competitiveness. Our sophisticated interest rate and liquidity risk management frameworks prepare us for a range of market scenarios and ongoing regulatory changes. Our focus on technology, revolving around developing innovative solutions, capitalising on big data and investing in cyber defences, underscores the Bank's commitment to leadership and excellence, aiming to be the most effective provider of financial services across all categories. We continue to invest in our most important asset, our people. We look forward to serving the needs of the next as well as the current generation of customers, clients and employees. We remain committed to advancing and protecting the Bank's position as a world-class financial institution in a culture rooted in both ingenuity and integrity.

2016 was no different, we continued to do what we have always done: manage the Bank and invest for the long run in line with our growth strategy, that is to achieve sustainable and profitable growth based on customer centricity, operational efficiency and organisational development.

The following list of CIB's competitive advantages and set of factors and paved the way for the success of our strategy and translated many of our goals into concrete reality.

Dynamic Balance Sheet Management

CIB succeeded over the years to maintain a forward-looking strategy to sustain any external shocks based on sound balance sheet management, a solid capitalisation level and exceptional liquidity, which is well in excess of both local and international regulations. Despite continuous uncertain market conditions in 2016, the Bank continues to maintain its solid reputation as a market leader, serving clients efficiently and delivering strong results as evident in the following:

- ***Proactive Liquidity and Interest Rate Risk Management***

  In 2016, we continued to advance our approach to liquidity and interest rate risk management, cornerstones of safety and soundness.

  Throughout the year, we ensured that the Bank had sufficient liquidity resources to continue business as usual under both a short-term and prolonged market and company-specific stress. Our internal framework is more conservative than the related Basel II liquidity measures. Compliance with our framework in 2016 has resulted in CIB exceeding regulatory minimums as well as Basel III liquidity guidelines, in both local and foreign currency. The LCY CBE liquidity ratio remained well above the regulator's 20% requirement, recording 60.77% as of December 2016, and the FCY CBE liquidity ratio reached 47.80%, above the threshold of 25%. NSFR was 234% for local currency and 140% for foreign currency and LCR was 1770% for local currency and 435% for foreign currency.

  Furthermore, CIB maintained a healthy LDR ratio of 42%. The Bank successfully attracted 7% of all new deposits in the system in 2016, which is a testament to

A UN study found Moez Street in old Cairo to have the largest concentration of medieval architectural treasures in the Islamic world.

the trust the market has in CIB. Having attracted such deposit inflows without significant increases to our cost of funding reiterates the Bank's mission of creating a sustainable liability base supported by stable, cost-effective customer deposits. The Bank focused on enhancing the CIB franchise and building relatively sticky low-cost current account and savings account (CASA) deposits, which comprised 43% of total customer deposits as of 31 December 2016. The growth in CASA deposits helps to drive down overall cost of funds, providing a strategic advantage for the Bank.

In 2016, CIB used an effective risk-management process that maintained interest rate risk within prudent levels and ensured the Bank remained on safe and stable ground. Measures included lowering the balance sheet duration as a precautionary measure to minimise the impact of interest rate movements on the Bank's capital adequacy levels. CIB also took the lead in the reclassification of the Bank's sovereign portfolio in a way to ensure that it maintains a proper balance sheet structure, boosting the return to shareholders in light of an increasing interest rate environment, while maintaining its liquidity ratios comfortably above regulatory requirements. As a result, and despite prevailing economic conditions, we are better prepared to manage whatever scenario plays out.

- ***Best-in-Sector Asset Quality Led by Prudent and Well-Disciplined Risk Management***

CIB has always believed that having an effective and disciplined risk management framework is crucial to proactively recognise potential adverse events and establish appropriate risk responses that in turn reduce costs and prevent losses associated with unexpected and volatile market conditions. We continually evaluate our risk strategy, appetite and analysis in response to current and anticipated economic conditions, conducting vigorous stress tests, efficient risk reporting and analysis, and digitisation of certain monitoring systems and processes.

Parting from that conviction and led by a dynamic risk-management strategy to counter potential challenges and market factors, CIB took provisions of EGP 893 million for the full year. Moreover, asset quality continued to remain resilient, as reflected in an NPL ratio of 6.70% (5.7% normalised for the EGP devaluation) of the gross loan portfolio, covered 149% by the Bank's EGP 9.82 billion loan loss provision balance.

- ***Increasingly Strong Capital Ratio***

In a market where capital is the name of the game, CIB has established a strong capital base that not only allows the Bank to excel and outperform despite slow economic growth, market volatility and heightened macroeconomic challenges, but also distinguishes CIB with an advantageous market position despite having many players in the banking sector.

The management and Board continue to pursue all available alternatives to ensure a sustainable, comfortable capital base that is less vulnerable to external factors.

In 2016, CIB maintained its strong and resilient capital base, as reflected in a comfortable capital adequacy level of 10.47% before profit appropriation and 13.97% after profit appropriation well above CBE requirements and Basel guidelines.

- ***Consistently Good Returns on Equity***

All our businesses are close to best in class, as reflected in consistently strong return on equity. CIB's commitment to sustainability was evident in its ability to record an ROAE of 34.24% (after profit appropriation based on the suggested profit appropriation schedule).

- ***Efficient Cost Controls***

Personnel and administrative expenses increased by 20% in 2016. As we press on with building our businesses for the future, we will continue to invest for the long-term growth and sustainability of the Bank, namely in technology, training and various investments geared toward automating and improving efficiency and operations. Nonetheless, the cost-to-income ratio will remain within the 30%-35% range set by the Board of Directors.

Investing in Talent and Technology

Talent and technology continue to be at the centre of our success, both today and in the future. We continuously invest in our human capital to have the best caliber on the ground who are ready to work with clients wherever they need our solutions and expertise. And we are committed to arm those employees with technology tools that enable them to serve clients efficiently and effectively.

Big Data

With the growing wealth of data and customer interactions, so does the need to utilise Big data to identify opportunities, spot trends and analyse patterns and transform them into information, products and insights that can be used extensively to improve our Bank.

To best utilise our data assets and spur innovation we have built our own in-house big data and are now the first bank in the region to have an advanced analytics and data management team and will soon become the first to harness the power of big data for the benefit of our customers.

In its quest of moving from a descriptive analytics model to predictive analytics, CIB has been investing aggressively in its IT and human capital to develop an exceptional infrastructure that can support its Big Data platforms. Such investments included data storage and computation platforms to increase structured data capacity and improve reporting performance as well as self-service Business Intelligence and real-time information delivery systems to manage petabytes of data for advanced analytics and new regulatory requirements.

We strongly believe these developments will prove transformational not just for CIB, but for our customers, clients and communities. All of which will significantly benefit from big data technologies and improved data-management practices across our businesses.

Future-Proofing the CIB Franchise

Over the years, we have been very disciplined in our approach to growth, including resisting calls to skimp on investments for the future to meet short-term targets, but that is not our approach for building the business for the long term.

This responsible approach, a strong franchise and stable financial footing have left us well-positioned for the current economic challenges.

No one is able to predict what comes next, but we strive to ensure the Bank has the capacity to adapt to the future — no matter what it looks like. To this end, CIB devoted significant attention in 2016 to studying our current business mix to respond strategically to evolving regulatory requirements as well as to find ways to be more productive with our resources and maximise shareholder value.

To meet the evolving needs of our customers as well as the financial system more broadly, we are committed to continually developing new solutions while maintaining a robust and secure infrastructure.

However, we do not innovate for innovation's sake. Banking is, and always will be, about people and relationships. Therefore, our focus will remain on serving the real needs of our customers and clients: seamless interactions, personal advice and human experiences. We will continue to build for the future and be there for our clients in good times and bad. Whatever the future brings, we will face it from a position of strength and stability.

2016 Financial Position

CIB reported another exceptional set of results, with consolidated net income up 27.09% y-o-y at EGP 6.01 billion for FY2016. Standalone net income reached EGP 5.95 billion, 28.22% over 2015. Standalone revenues grew 11.05% over the previous year to EGP 11.32 billion.

The Bank recorded net interest income of EGP 10.02 billion, an increase of 23.44% y-o-y. Non-interest income recorded EGP 1.3 billion for the full year. Net fees and commissions income stood at EGP 1.55 billion.

All financial indicators emphasised the Bank's strong financial performance in 2016. CIB maintained its efficiency during the year, with cost-to-income ratio at 21.4% compared to 19.6% in 2015. The Bank continued its upward trend in ROAE, which recorded 34.24% on a consolidated basis (post-appropriation), up from 33.46% in 2015. Consolidated ROAA recorded 2.71% for 2016. The bank recorded a net interest margin of 5.47% as of year-end 2016.

The Bank's loan portfolio stood at EGP 97.5 billion at year's end, growing 56% or EGP 35.3 billion y-o-y. Excluding the impact of the devaluation, the gross loan portfolio grew 5% or EGP 3.39 billion during 2016. 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 6.98% in October 2016.

CIB aggressively pursued deposit growth in 2016, adding EGP 77 billion to its base, which grew to EGP 231.7 billion, an increase of 49% over 2015. Excluding the devaluation impact, deposits grew 12% or EGP 18.61 billion. CIB's share of the deposits market reached 8.10% in October 2016.

The Bank ended the year with a buoyant balance sheet and capital base, which is reflected in its comfortable capital adequacy level of 10.74% and an adjusted CAR (including profits attributable to shareholders) of 13.97%, well exceeding CBE stipulated ratios and enhancing the Bank's ability to face uncertain economic circumstances, should any arise.

CIB continued achieving strong growth in net interest income, fees and commissions and the balance sheet. Relative to its peer group, CIB maintained its leading position in terms of profitability and balance sheet size. Overall, CIB's strong financial performance in 2016 exceeded P&L targets.

Appropriation of Income

The Board of Directors proposed the distribution of a dividend per share of EGP 0.50. In addition, CIB is increasing its legal reserve by EGP 297 million to EGP 1,333 million and its general reserve by EGP 4,301 million to EGP 8,855 million, thus reinforcing the Bank's solid financial position, as evidenced by a capital adequacy ratio of 10.74% and an adjusted CAR (including profits attributable to shareholders) of 13.97%. The proposed dividend distribution comes in line with the Bank's strategy of maintaining a healthy capital structure to address more stringent regulations, mitigate associated risks as well as facilitate and support the Bank's future growth plans.

2016 Activities

CIB's diverse mix of revenue streams enabled the Bank to weather a challenging operating environment this year, and our business model allowed CIB to stay committed to its growth strategy while building for tomorrow's success. Once again, CIB management and employees delivered on all counts and, in doing so, the Bank achieved its best results to date and extended its leadership position in areas of strategic importance. We continue reaffirm our leading position in the industry as the best private sector bank in Egypt, with a number of impressive recognitions on all sides of our business:

Institutional Banking Activities

Parting from our conviction that "Winning organisations are more responsive to their customers, more agile than their

The IB Group continued to be the primary contributor to CIB's bottom-line profitability, generating almost 66% of the Bank's profits.

competitors and more flexible in how they go to market," the IB group adopted a new strategy during 2016 and embarked decisively on implementing it. The new strategy is aimed at reorganising the Group's business divisions to better align them with the clients' needs. The new model is built to enhance efficiency and maximise profitability, thus building a better and stronger franchise.

Throughout 2016, the Group sustained its preferred and most trusted business partner position through meeting corporate clients' expectations and needs in a most timely and precise manner, offering best-in-class financial structures and advisory services to its clients with its competent team, customer-oriented approach and innovative product portfolio and distribution channels.

The IB Group continued to be the primary contributor to CIB's bottom-line profitability, generating almost 66% of the Bank's profits. Institutional Banking's net income before tax increased by 18% over last year to reach EGP 5.3 billion in 2016, mainly on higher net interest income, foreign exchange gains and strong trade services performance and controlled expense growth.

On another note, the Bank's strong disciplined and proactive risk framework has been essential in withstanding the uncertain economic environment in Egypt. Despite challenges, the risk group continued to align and collaborate with business on product development and risk strategies to drive growth without compromising the quality of the portfolio.

Consumer and Business Banking Activities

The Consumer and Business Banking Divisions had a very strong year in 2016, building on the Group's strategy of delivering an outstanding customer experience and developing stronger relationships with our clients.

The distinctiveness of CIB's offerings lies in following "tailored and personal messaging" strategies rather than broad-based "one-size-fits-all" approaches, which is the best way to engage with customers. The Group focused on enhancing customer service and attracting new customers, consequently enabling CIB to achieve growth in its consumer assets book despite challenging conditions in 2016, and with no significant deterioration in credit quality, thus maintaining its competitive edge in the market.

In doing so, Consumer and Business Banking net income rose 46% over last year to reach EGP 2 billion in 2016, contributing 34% to CIB's gross profitability. Consumer Banking gathered EGP 25.1 billion and USD 505 million in deposits. This growth is an outstanding achievement in a highly competitive market of 39 banks and has helped CIB increase its market share of overall deposits in the Egyptian banking system, recording 8.09% as of December 2016.

Moreover, throughout 2016, we continued to renovate and add to the Bank's extensive branch network, which stood at 168 branches and 748 ATMs as of December 2016.

At CIB, we strongly believe that by understanding customers well beyond a demographic profile, we can better anticipate what they need, and given the fast-paced advancement of technology and its growing integration into the lives of customers, it has become indispensable to redefine consumer banking dynamics. The transformational progress of mobile phones and mobile technology significantly changed consumer behaviour and expectations. Internet and mobile banking thus are no longer alternatives, but have become a necessity, especially for younger generations.

In keeping with the new banking trends, developing innovative digital services is a core focus of CIB. Tailoring truly customer-centric digital products and delivering all the services digitally, versus through traditional channels, is what differentiates a bank from its peers in the digital era we are in. This is where we see enormous revenue potential and why we have heavily invested in our digital platforms to transform our products and services to keep up with the quick pace of technology development and the demands of a younger generation of customers, who comprise 80% of the Egyptian population.

In November 2016, CIB launched its mobile banking application, which provides different banking services and offers many features for clients to manage their accounts conveniently.

Another digital product release in 2016 is CIB Smart Wallet, which revolutionises traditional payment methods and grants an advanced, secured, faster and smarter experience. The Wallet facilitates the customer's daily payment process, including the payment of utility, phone bills, money transfers, mobile top-up, card-less cash in/out from the ATM, shopping online through a virtual card or from stores via a QR code, and much more. This new application integrates different technologies such as smartphones with banking services to expand the scope of financial services to reach a broader segment of customers. Additionally, CIB offers a variety of customised products to unbanked individuals and provides them with easily accessible digital solutions. With access to Smart Wallet and Turbo Cash, any person can transfer money to another in real time, 24/7, without a bank account, through simple steps using an ATM. In every case, the goal of these applications is to ensure a convenient, seamless and efficient banking experience.

CIB is also partnering with non-financial organisations to diversify its digital offering to a wider customer base. These combined efforts are yet another way to stimulate financial inclusion by reaching unbanked citizens. Such a significant step not only introduces a new, vast segment of telecom customers into our banking system, but more importantly increases banking penetration. It also demonstrates how a strategic alliance between two large entities from both the banking and telecommunication sectors can generate positive returns for our economy.

EGP 5.95 bn
standalone net income in FY2016, an increase of 28.22% y-o-y

Operations and IT

In 2016, the COO Area was largely focused on the successful acquisition of Citibank's retail business, which was based on the collective and comprehensive efforts exerted across Operations & IT to complete the complex integration process. CIB was the only bank among 11 Citibank acquisition deals worldwide to commit to a six-month transitional service agreement (TSA) period, making CIB the only bank to successfully complete the migration process in less than 12 months.

Much energy was channelled in 2016 into several IT initiatives, with continued efforts to build up our infrastructure capacity, enhance our production stability, improve our services monitoring and technology refresh for underlying infrastructure to create a more agile IT organisation that has the ability to support our services and provide a seamless and improved customer experience.

The COO Area also focused on automation, increasing productivity and optimising/streamlining its processes. This included several re-engineering efforts to enhance turnaround times and encourage staff to innovate and bring up new ideas through a "Think Tank" initiative.

Several key strategic projects were also launched during the year, such as the Customer Relationship Management Phase 1, improving internet banking with more secured authentication mechanisms and upgrades to our Core Banking Platform. To further study customer behaviour and make more effective credit decisions, we initiated a Scoring and Decision Engine project for both credit cards and personal loan applications to track consumer risk behaviour and ensure minimal risk to bank operations. This will allow us to build a unique risk model for each customer.

Despite the challenges faced during the year in terms of foreign exchange rates and foreign currency regulations set by the CBE, the COO Area has made every effort to ensure any extraordinary controls and regulations are seamlessly embedded in our processes without impacting our business expansion plans.

In line with CIB's efforts to expand its reach, nine branches were instated this year. We also re-branded and renovated ex-Citibank branches to match CIB's brand image. As for ATM's, CIB continued to expand its network with an additional 86 ATMs added, bringing total ATMs to 748 across the country by the end of 2016.

Our footprint in Smart Village was also further expanded this year with the inauguration of the third Head Office, an award-winning building certified with the Egyptian Green Pyramids Certificate of Sustainability, emphasising CIB's commitment to sustainable development.

The COO Area's dynamic performance is and will always be built on our high caliber staff and their expertise. We reflect this philosophy through our structured hiring plan, tailored training, leadership development and setting talent management plans, and 2016 was no different. The aim is to build strong second lines with ideal qualifications for those tasked with our future development and leadership.

Going forward, we are embarking on a digitisation journey, which we believe is set to be the main player in shaping all future banking growth. The digital proposition will empower self-assisted sales and ongoing customer loyalty. Striving to support innovation led to a new partnership between the American University in Cairo (AUC) and CIB to launch AUC Venture Lab FinTech Accelerator to introduce new innovative products and solutions and groom and assist FinTechs to break into the finance sector.

Business Continuity Management & Information Security

The significant evolution of cyber security and its associated risks has necessitated an emphasis on ensuring a proper Security Management Program is in place to effectively manage security risks and guarantee the right governance is in place. Major efforts were funnelled into the cyber security/information security domain to ensure the Bank is fortified with the ability and scope to handle cyber security threats.

As part of our 2016 roadmap, initiatives undertaken this year include the following:

- Establishing CIB's Security Operations Centre, which will significantly boost its capability for monitoring and addressing a wide range of security threats in a proactive manner and build competent and capable Operational Security Services.
- A Fraud Management Solution was put in place to monitor monetary and non-monetary events on the consumer and corporate internet banking platforms, utilising customer behaviour mapping to minimise operational risks.
- The One-Time Password solution was implemented for critical internet banking services in accordance with the Bank's strategy to ensure compliance with CBE internet banking regulations and improve security measures that protect customer transactions.
- A comprehensive security governance, risk and compliance framework was established along with the necessary policies that ensure adequate security governance across the Bank.
- Concrete steps were taken toward developing the requirements for Business Continuity Management (BCM) software to automate the full BCM life cycle. Effort went into guaranteeing the continuous testing of our recovery capabilities to ensure service availability for our customers. The Bank remains committed to investing in improving its BCM, bringing aboard a team of dedicated professionals in charge of the function.

In keeping with our efforts, CIB was awarded the Most Effective Recovery of the Year Award at the Business Continuity Institute Middle East Awards in 2016, marking the second Business Continuity Award for the Bank and our 10th nomination for similar awards regionally and globally. CIB was also named finalist this year for the International Award in Business Continuity by the UK's CIR Magazine. The recognition emphasises CIB's unique positioning in the BCM industry across the financial sector in Egypt.

Subsidiaries

CIB's businesses provide integrated and diversified products and services through its affiliation with CI Capital and its other subsidiaries, which hold numerous opportunities for CIB and will accelerate our ability to increase product penetration with the aim of generating incremental value through cross-selling.

CI Capital generated consolidated net income of EGP 113 million, 85% over 2015. Brokerage net income recorded EGP 55.7 million, with a market share of 9.5% of total trading as of year-end 2016. 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.

CI Capital's Investment Banking arm is the #1 ranked advisor in Egypt, with c. EGP 106 billion in transactions since inception and over EGP 72 billion executed since the beginning of 2013.

CI Asset Management had the best performing Egyptian equity funds of 2016. 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 a top-quartile asset manager in all types of funds and portfolios. In 2016, the division was awarded the "Best Asset Manager in Egypt" by Global Investors for the seventh consecutive year.

Continued Focus on Commercial Banking Activities

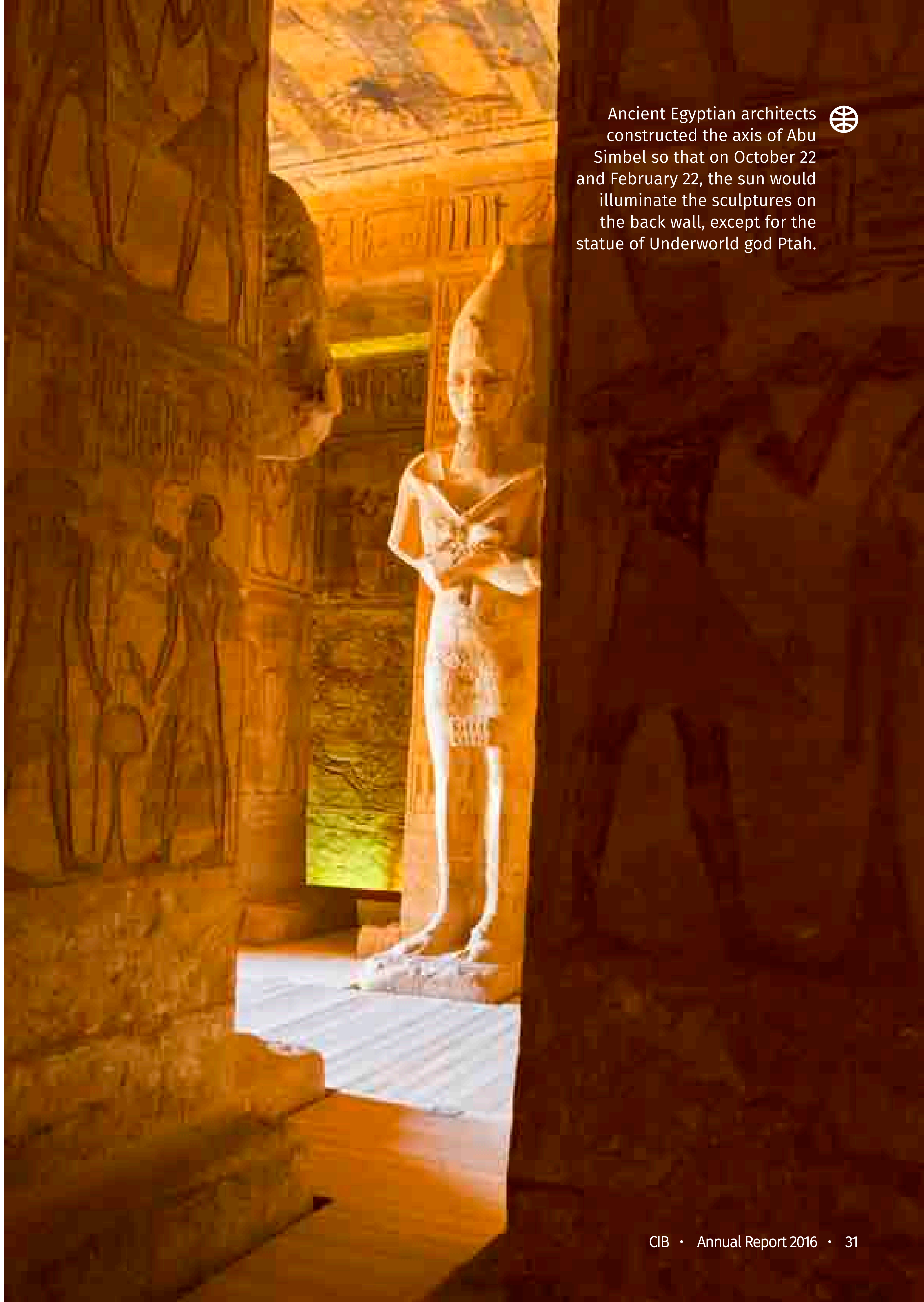
In line with the Bank's strategy to gradually exit from its subsidiaries and affiliated investments, to enable CIB to focus exclusively on its core banking activities and enhance its leading position in the market, 2016 saw a continuation of that strategy where:

- CIB sold its full stake (40%) in Egypt Factors to the Company's main shareholder FIM Bank in November 2016.
- In December 2016, the Bank signed sale and purchase agreements with a group of non-related Egyptian and Gulf investors for the sale of 71.94% of CI Capital Holding's ("CI Capital") share capital, for a total transaction value amounting to EGP 683.4 million, with a total company value of EGP 950 million. The transaction is expected to be finalised once all necessary regulatory approvals are obtained.

Awards and Recognition

CIB's superior performance and distinction continued to receive recognition by many reputable organisations both on the regional and international levels. In 2016, the Bank received a total of 20 prestigious international awards, five of which were received for the first time, including:

- ***Best Bank in Egypt Supporting Women-Owned and Women-Run Businesses awarded by the American Chamber of Commerce in Egypt (AmCham)***
- ***Best Private Bank in Egypt awarded by Global Finance***
- ***Middle East Most Effective Recovery awarded by The Business Continuity Institute***
- ***Achievement in Operational and Liquidity Risk Management Awards for 2016 by The Asian Banker***
- ***FTSE4Good Emerging Index Status and ESG Rating: Based on an assessment of CIB's ESG practices and performance over April 2015-February 2016, the Bank became a constituent of the FTSE4Good Emerging Index 2016***



Ancient Egyptian architects constructed the axis of Abu Simbel so that on October 22 and February 22, the sun would illuminate the sculptures on the back wall, except for the statue of Underworld god Ptah.

The list of 2016 awards also includes:
- Best Trade Finance Provider in Egypt - Global Finance
- Best Treasury and Cash Management Providers in Egypt - Global Finance
- Best Bank in Egypt - Global Finance
- Best Foreign Exchange Providers in Egypt - Global Finance
- Best Sub-custodian Bank in Egypt - Global Finance
- Best Employee Engagement Initiative in the Middle East - Asian Banker
- Best Retail Risk Management Initiative in the Middle East - Asian Banker
- Best Bank in Egypt - Excellence Award - Euromoney
- Most Active Issuing Bank in Egypt in 2015 - The European Bank for Reconstruction and Development
- Best Cash Management Services in North Africa - EMEA Finance
- Best FX Services in North Africa - EMEA Finance
- Best Bank in Egypt - EMEA Finance
- Bank of the Year in Egypt - The Banker

2017 Business Outlook

While we expect continued challenges in the economic environment in 2017, we are confident that the changes under way across the Bank, including those focused on improving productivity and enhancing mobile and digital technology capability and offerings, will underpin continuing strong performance. Our diverse business mix and franchise model — centred around sustainable growth —readies CIB to meet today's ongoing challenges and welcomes the opportunities at hand.

We approach 2017 with cautious optimism, tempered by sound governance and discipline. We look forward to building on our proven business model, expanding our relationships with current and new customers and maintaining our conservative approach towards liquidity, capital, expense and risk management. We are confident that we will keep driving positive results, continue to expand our market share and deliver exceptional customer experience.

Moving forward, we are focused on adapting and innovating. We see technology as an essential core competency and a key differentiator to drive future growth in all our business segments. New technologies provide us with opportunities to extend our leadership position in service and convenience. We will continue to invest in technology and tools that will allow CIB customers to engage across every channel — at branches, the call centre, automated bank machines and our phone, online and mobile platforms.

Behind all of this is our people. Their understanding of the banking business — what we do and how we do it — combined with their passion and commitment to live up to our brand is why CIB will continue to grow and deliver results. They are why CIB is and always will continue to be "A Bank to Trust."

Commitment to Sustainability

CIB knows its responsibilities to all its stakeholders, listens to them carefully and grows based on a transparent, clear and responsible approach. While moving forward, CIB aims to create not just economic value, but also a permanent value to the lives of all its stakeholders, with a philosophy of, "Grow and help others grow."

The Bank has always strived to strike a sound balance between the strategic goal of increased profitability and serving broader socioeconomic and environmental interests — the backbone of any sustainable success and distinction.

The main aspects that shape our focus on sustainable banking are:
- ***Environmental Sustainability:*** Minimising the environmental and social impacts of the Bank's activities, products and services.
- ***Corporate Social Responsibility:*** Playing an active role in establishing high standards for social development, with creating value for society being the main goal.
- ***Corporate Governance:*** Commitment to corporate governance best practices, ethics and corporate values.

Environmental sustainability

As the pursuit of sustainability becomes a key focus of leading financial institutions, CIB is embracing sustainability by integrating the ideology in its policies, practices, culture and mindset as well as its vision and mission statements.

CIB's thinking, course of action and its promising green journey of transformation and change are closely aligned with the 2030 Global Sustainable Development Agenda, its 16 Sustainable Development Goals (SDGs) and associated 169 targets and with Egypt's 2030 Agenda. The underlying focus is to advance a sustainable and climate-resilient future.

CIB is not only employing different clean energy systems at its premises but also conforms to green construction standards to benefit the environment and accommodate staff members and customers.

Despite the fact that most banks and their associated businesses are paper dependant, CIB succeeded in tremendously decreasing its volume of paper requisition and consumption. Furthermore, CIB is a pioneer in implementing a waste-segregation process and exchanging waste for cash via sales to the appropriate recycling outlets.

CIB also approved the activation of ride-sharing application Carpooling to encourage its staff members to streamline their fuel expenses, build team camaraderie and encourage fewer cars, and therefore fewer emissions, on the road. The Bank also accommodates the special needs' community through digital banking channels, the introduction of ATM machines for the visually impaired and conducting training for branch staff on communication with individuals with disabilities.

Communicating, sharing our practices and partnering with international entities around the world, CIB was the first and only bank in Egypt to join the United Nations Environment Programme Finance Initiative (UNEP FI) through signing the UNEP FI Statement of Commitment on Sustainable Development. Furthermore, CIB engaged in Dow Jones 2016's sustainability assessment exercise, ranking 79 out of 131 globally recognised financial entities. CIB was the only Egyptian bank in the MENA region to participate in this assessment and is committed to improve its ranking in 2017.

CIB is committed to enthusiastically dive into the most pressing sustainable priorities, building on the SDGs and Paris Climate Agreement signed by Egypt in mid-2016. It is a crystal-clear reality that sustainability is a key focus of healthy and reputable financial institutions. Therefore, CIB pledges to continue its work towards a green economy through partnering with the government, civil society and others.

One of several new paths being charted by CIB is that a growing number of startups and entrepreneurs are working on impressive alternative energy solutions and innovations in green finance. CIB is confident in Egypt's youth, seeing them as the architects of the future with the wisdom and natural inclination for change.

Corporate Social Responsibility

At CIB, we take our social responsibility towards the community where we live and operate very seriously. Our CSR programs provide our business with the vital components to operate both responsibly and ethically. Being a socially responsible corporate has always come atop our priorities, as is evident from the numerous community programs we have been involved in throughout the year.

Community Development

Over the last 12 months, CIB maintained its steadfast commitment to community development through diverse categories of CSR projects in the fields of art, culture and sport. Some of the activities we conducted during 2016 include:

Student Cultural Trip to Cairo Opera House: In association with "Friends of The Opera" association, CIB organised a cultural trip for 400 students from different public schools to attend Sergei Prokofiev's composition "Peter and the Wolf" performed by the Cairo Symphony Orchestra at the Cairo Opera House. The trip aimed to promote and nurture musical appreciation in the children.

KidZania: Throughout its partnership with KidZania, which began in 2013, CIB has been organising trips to the edutainment city for underprivileged children. Over the past 12 months, CIB organised four trips for 100 children with special needs, serious health conditions and those from underprivileged backgrounds to KidZania, under the supervision of the CIB Foundation. At KidZania, children perform simulated jobs and are paid for their work as firefighters, doctors, police officers, journalists and the like. CIB's partnership with KidZania has also been a chance to raise banking awareness in the youth. The Bank has a mini-branch on the premises that allows children to perform different bank operations like writing cheques, issuing debit cards and depositing or withdrawing KidZos, the official currency of KidZania, from ATMs around the venue.

Autism: Children with autism and other disabilities have always been given the highest priority on CIB's CSR agenda. This has been reflected in our long-term partnership with the ADVANCE Society for Persons with Autism and Other Disabilities and the Bank's continuous contributions to its activities. In 2016, CIB continued to sponsor the society's annual ceremony, 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 society. Moreover, the Bank sponsored 2016's World Autism Awareness Day (WAAD) in Egypt, held annually in April worldwide, which witnessed the participation of more than 75 organisations specialised in the provision of services to those with learning disabilities and autism across the country.

Zawya: Through CIB's partnership with Zawya, an art-house cinema founded by Misr International Films (MIF), the Bank sponsored the screening of animated film "Hotel Transylvania 2" with live audio description for more than 150 visually-impaired children from the schools of Taha Hussein, Mostafa Assaker and Alnour Wal Amal, in addition to the Fagr El Tanweer Association and Al-Markaz Al-Namoozagy for the Blind.

El Sawy Culture Wheel: In 2016, the Bank capitalised on 2015's successful awareness campaign entitled "Financial Planning for Safer Future" and launched a second round of free seminars under the theme "Financial Inclusion." CIB also continued its sponsorship of special screenings of documentary films, cultural nights, concerts and art exhibitions organised by El Sawy Culture Wheel.

Beena Initiative: CIB is the main partner and funder of "Beena", a protocol signed with the Social Solidarity Ministry to encourage the active participation of youth in society, and to support and monitor the development of social care services. The initiative succeeded in attracting thousands of volunteers across Egypt, who implemented an effective mechanism for developing and monitoring the quality of services provided to different social care centres, 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.

Sponsoring Art: Supporting art remains the core of CIB's CSR agenda. We work to ensure the diversification of our channels to reach out to distinctive art talents across Egypt and into as many categories as possible. CIB's numerous and varied art-centric sponsorships and activities led to the significant enrichment of the Bank's private art collection.

Supporting Students of Fine Arts Faculties: The Bank continued to pave the way for more art students to realise their talents and receive adequate recognition for their art. This year, CIB extended its reach across Egyptian universities by adding the newly inaugurated Fine Arts Faculty at Al-Mansoura University to its agenda, sponsoring the first ever art exhibition held at the premises for senior students and fresh graduates. CIB's reach included the acquisition of participants' distinctive pieces, adding them to our private art collection to incentivise the young talents. Similarly, the Bank sponsored for the second consecutive year the art exhibitions of the faculties of Fine Arts at Alexandria, Minya and South Valley universities, targeting the same age range of young artists.

Art Exhibitions: This year, CIB developed its already expansive strategy of supporting art exhibitions by extending support to individual exhibitions by young artists. The Bank acquired the finest pieces displayed at each exhibition to enrich its private art collection.

Cairo Symposium: Maintaining its exclusive position as the only bank in Egypt sponsoring every category of fine arts, CIB sponsored the second edition of the Cairo Symposium for Carving Iron Scrap, which was held in April 2016 at Mohamed Mahmoud Khalil Museum. The Bank has been sponsoring this magnificent art event since its launch in 2013 and acquired distinctive pieces added to CIB's private art collection.

Art Salons: For the sixth consecutive year, CIB sponsored the annual Egyptian Youth Salon in collaboration with the Fine Arts Division at the Egyptian Culture Ministry support trending artists under the age of 35. CIB also sponsored for the second consecutive year the Upper Egypt Salon, which was held in Luxor in November 2016, in collaboration with South Valley University's Faculty of Fine Arts. This not only extended the Bank's geographical reach to untapped areas of Upper Egypt, but gave artists of various age brackets the opportunity to display their creative works.

Sponsoring the Egyptian Squash Federation: For more than five years, CIB has been sponsoring the Egyptian Squash Federation as part of the Bank's belief that sports are an integral facet of shaping the minds and health of Egyptian youth. The Bank continued its support this year of young, talented athletes who represent the country in regional and international arenas. In 2016, the Bank further expanded this support to include less-fortunate children by launching the "Squash for Everyone" Initiative in partnership with Egyptian Squash National Teams Director & Technical Advisor Amr Shabana. The initiative, supported by CIB Foundation and held in association with the Egyptian Red Crescent and Logain Foundation, aims to give underprivileged children and those with special needs access to sports facilities and to let them explore and develop their athletic capabilities.

Al Ahram Squash Open: CIB was proudly the exclusive bank for the tournament, which aimed at reviving the Al Ahram Squash Open that was suspended for the last 10 years.

Partnering with Omar Samra: This year, CIB introduced the new "Your Space" initiative in the context of its partnership with Egyptian entrepreneur Omar Samra, which aims to develop the scientific talents of Egyptian youth. This initiative represents an innovative experience to promote the culture of space sciences among students at schools and universities. The objective is to stimulate the development of engineering, sciences, technology and mathematics curriculums and motivate students' interests to explore the sciences of space, making it their future professional choice. In this regard, different special contests, such as designing a spaceship or a city for humans on another planet or on the moon, were organised for students to compete and excel.

CIB Foundation

2016 was another strong year for the CIB Foundation. The organisation 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 recognised for its work in the arena of corporate social responsibility from African Banker, winning the award for "Socially Responsible Bank of the Year in May 2016." Among the numerous projects that the CIB Foundation supports was providing Children's Cancer Hospital 57357 with a PET CT scanner at a cost of EGP 13.17 million. The highly specialised equipment will allow doctors and surgeons to less-invasively identify and plan for the removal of cancerous cells. This piece of equipment will also reduce the level of radiation patients are exposed to.

In partnership with Gozour Foundation for Development, the CIB Foundation supported the funding of 264 eye exam caravans in public elementary schools in several governorates across Egypt, which included Qena, Sohag, Aswan, Luxor. Through the "6/6 Eye Exam Caravan" program, the Foundation provides 158,400 disadvantaged students with free eye exams and necessary care and consultation by the end of the project.

Moreover, it has supported the complete renovation and outfitting of the Abu El Rish El Mounira Children's Hospital's intensive care unit under the supervision and management of Friends of Abu El Rish Children's Hospitals Organization. The project would help to save the lives of nearly 2,000 children annually. Additionally, the Foundation has equipped a paediatric catheter lab at the Ain Shams University Hospital, under the supervision and management of the Yahiya Arafa Foundation, allowing the hospital to separate adult and paediatric patients, conduct 100 procedures per month and reduce the waiting list by 90%.

The Foundation also supported the Department of Radiology at the National Cancer Institute with a paediatric Computed Tomographic (CT) scan machine. The dedicated piece of equipment will allow the department to increase the number of urgent cases it can take in daily, decrease mortality and morbidity rates as early diagnosis rates climb and eliminate the paediatric waiting list.

In addition, the Foundation has covered the costs of 50 paediatric open-heart surgeries at the Magdi Yacoub Heart Foundation Center and approximately 10 paediatric burn patient surgeries at the Ahl Masr Foundation.

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

Corporate Governance

CIB believes that effective corporate governance practices are essential to achieving and maintaining public trust and confidence in the banking system, which are critical to the proper functioning of the banking sector and economy as a whole. Stemming from that belief, the Bank has had long-standing commitment to promoting sound corporate governance practices across the organisation and has consistently and proactively worked on enhancing our corporate governance frameworks and actively amending any corporate governance shortcomings that may arise. Accordingly, CIB continually adjusts to conform to relevant regulatory requirements and duly considers international best practices in corporate governance.

The core principles of our corporate governance policies, which we view as key for managing the Bank effectively and achieving its strategic operational plans, goals and objectives for sustainable banking, are centred around the following notions:

- Responsibility and meritocracy — the clear division and delegation of authority;
- Accountability in the relationships between management and the Board, and between the Board and the shareholders and other stakeholders;
- Disclosure and transparency to enable stakeholders to assess the Bank's financial performance and position; and
- Fairness in the treatment of all stakeholders.

CIB's overall corporate governance framework assures the alignment of the interests of shareholders and managers as well as monitoring the management of the business through the dissemination of information and transparent reporting. In this context, the Bank's governance framework is directed by a number of internal policies and regulations that cover a wide range of business and fiduciary aspects including risk management, compliance, audit, remuneration, evaluation, succession planning, ethics and conduct, budgeting and capital management.

Clear and segregated reporting lines in different areas of the Bank along with a continuous chain of supervision and communication channels for the Board's guidance and strategy are a vital component of the Bank's governance structure to highlight any potential conflict of interest. With regard to the respective roles of the Board and Senior Management, the Board approves the Bank's strategic goals, as well as oversees the management of the Bank, while the day-to-day operation of the Bank is the responsibility of Senior Management. The Managing Director along with the excellent and competent CIB Chief Executives and Management Team bring decades of experience and thought leadership that guide CIB's direction and execution of the strategies set by the Board in addition to overseeing the day-to-day tasks of managing the Bank. While directing this effort, the Managing Director is also responsible for ensuring adequate and effective governance of the Bank through managing the independent control functions: risk, compliance and legal. The CIB Chief executives report to the Board directly.

The Board and its specialised committees, both executive and non-executive, constitute key elements of the governance framework and are governed by well-defined charters. The Board's non-executive committees — consisting of the Audit Committee, Corporate Governance and Compensation Committee, Risk Committee, Operations and IT Committee and Sustainability Advisory Board, along with the executive committees comprising of the Management Committee, High Lending and Investment Committee and Affiliate Committee — are tasked with assisting the Board in accomplishing their responsibilities and obligations with respect to their decision-making roles.

CIB's Board consists of eight members, one executive and seven non-executive, one of whom represents Fairfax's interest in CIB, with three of the non-executive members being independent. The Board collectively possesses a wide range of industry expertise and knowledge that adequately enables it to set balanced strategic direction and to offer management a clear implementation route for aspired goals.

CIB's Board met seven times over the course of 2016, during which, with the assistance of its committees, it effectively fulfilled its main responsibility of exerting the requisite oversight over the Bank and ensured that CIB's activities are run in a manner that meets the highest ethical and fiduciary standards, thus enhancing the long-term value for the shareholders, through:

- Approving the Bank's business and risk strategy as well as major policy decisions.
- Supervising the affairs of the Bank and overseeing the execution of its strategy by the officers and employees under the direction of the CEO.
- Assuring the long–term interests of the shareholders are advanced responsibly as well as guaranteeing the disclosure of reliable and timely information to shareholders.
- Evaluating, compensating and ensuring that there is proper succession for key management roles.

CI Capital generated consolidated net income of EGP 113 million during the year, 85% over 2015.

- Developing and monitoring the Bank's internal audit and risk management policies and strategies. The Board sets the risk policies and the risk appetite and constantly monitors the Bank's risk profile against said appetite through the CIB Risk Department.

Furthermore, the Board of Directors continued to work on enhancing the comprehensiveness of the Bank's corporate governance framework especially in connection with risk and compliance matters. In an effort to reinforce its risk-based approach, the Board is moving towards an Enterprise Risk Management (ERM) Framework. CIB's enterprise risk monitoring and reporting are critical components that support Senior Management and the Board's ability to effectively perform their risk management and oversight responsibilities. The ERM concept thus provides the Bank with the necessary controls, communication and risk-informed decision-making to achieve the right balance between risk and reward.

CIB has taken concrete steps to ensure accountability and institutionalise its corporate governance guidelines in compliance with the applicable laws and regulations of the regulators. During the central bank's regular audit missions, CIB's management ensures that the auditors are provided with all the necessary documents to fully perform their audits. CIB's Internal Audit team closely follows up with the Bank's management to take all corrective measures with regards to the central bank's audit comments. Furthermore, given the utmost attention to maintaining the highest levels of governance and adherence to the disclosure requirements of the stock exchanges where the Bank is listed, CIB's Investor Relations team is committed to consistently sharing high-quality information with all stakeholders regarding the Bank's activities, with emphasis on transparency.

Finally, and with the objective of continuously improving Compliance measures as a key element of the Bank's control framework, several channels for staff issues/code of conduct and petitions have been introduced and announced to employees.

The Staff Issues Committee was initiated in 2011 as a communication channel for employees to express their queries, complaints and any work-related issues to an unbiased body. The committee's role extends from dealing and solving customer complaints to setting recommendations to enhance the work environment and processes as well as ensuring an engaging workplace.

In 2016, 51 cases were presented to the Staff Issues Committee. These cases included performance disagreements, violation to the code of conduct, working environment issues, misuse of authority, termination of contracts and request for extending unpaid leave. The issues raised to the committee have been thoroughly investigated and analysed where fair and sound decisions have been taken and all cases have since been resolved.

Ras Mohamed is a protectorate that some locals believe was given its name because in side view, the contour of its cliff is said to resemble the face of a bearded man.

In Closing: Measuring CIB's Performance in 2016

Through our performance measures, we communicate our priorities and benchmark CIB's performance versus its peers as we strive to be "A Bank to Trust." The following table highlights our performance against these measures.

2016 Performance Measures	Results
FINANCIAL • Maximise shareholders' equity and deliver above-peer-average total shareholder return • Grow earnings per share (EPS) • Deliver above-peer-average return on risk-weighted assets	• ROAE of 33.1% vs a peer average of 31.6% (as of 3Q2016) • 28% EPS growth
BUSINESS OPERATIONS • Grow revenue faster than expenses • Identify market gaps and attain first-mover's advantage by laying the groundwork ahead of our peers to allow us the ability to benefit from rising opportunities as they present themselves	• Cost to income recorded 21.4 % • Consumer Banking net income rose 46% y-o-y to EGP 2 billion and gathered EGP 25.1 billion and USD 505 million in deposits, aided by the launch of tailored new products for the household segment designed to add value • Institutional Banking's net income before tax increased 18% over last year to EGP 5.3 billion, mainly on higher net interest income, foreign exchange gains, strong trade services performance and controlled expense growth
CUSTOMER 1. Improve customer experience 2. Invest in core businesses to enhance customer experience	• Much effort was exerted in enhancing the organisation's cyber security standing, with a clear strategy and comprehensive plan put in place to improve our security capability and continuously provide a safe banking environment for our customers
EMPLOYEE • Improve employee engagement score y-o-y • Enhance the employee experience by: 1. Listening to our employees 2. Providing a healthy, safe and flexible work environment 3. Providing competitive pay, benefits and performance-based compensation 4. Investing in training and development	• The Employee Relations Team launched the third Employee Effectiveness Survey during the year. Some 4,627 employees participated, meaning a considerably high participation rate of 88%, with the survey revealing 57% engagement and 47% enablement. The results also revealed key organisational strengths: mainly pride in working at CIB, believing CIB has high performance expectations and understanding the link between every job and the organisation's goals. The survey revealed important development opportunities, such as performance management, respect and recognition and work structure and processes. Plans to work on these opportunities are being developed with the relevant business heads to address the issues in 2017. The results have been communicated to senior management and, accordingly, translated into an action plan

2016 Performance Measures	Results
COMMUNITY • Donate 1.5% of the Bank's net annual profit through the CIB Foundation • Make positive contributions by: 1. Supporting employees' community involvement and fund raising efforts 2. Supporting advances in our areas of focus, which include education, arts, culture, health and protecting and preserving the environment	• Refer to the CSR section for more details on CIB's social involvement and community development initiatives
SAFEGUARDING THE INTERESTS OF SHAREHOLDERS CIB maintains a proactive investor relations program to keep shareholders abreast of developments that could have had an impact on the Bank's performance. The Investor Relations team and Senior Management invest significant time in one-on-one meetings, road shows, investor conferences, conference calls and a proactive stream of disclosures while simultaneously ensuring analysts had the information they needed to maintain balanced coverage of the Bank's shares	• As a result of the IR team's conscious efforts in asserting corporate access, in a 2016 Middle East Investor Relations Study, carried out by Extel in partnership with the Middle East Investor Relations Society, CIB was named the "Leading Corporate for Investor Relations in Egypt," while the head of Investor Relations also received a nod as the "Best Investor Relations Professional – Egypt". This is the third year running in which CIB has received at least one award from MEIRS.

EGP **11.3** bn

consolidated revenues during the year, gaining 11% y-o-y

Appendix: Key Financial Highlights

I. Balance Sheet (in EGP billions):

a. CIB Standalone

	Balance as of 31/12/2016	Balance as of 31/12/2015	% Change
Total Assets	**263.9**	**179.2**	**47.27%**
Contingent Liabilities and Commitments	68.6	31.0	121.29%
Loans and Advances to Banks and Customers	86.2	57.2	50.70%
Investments	62.5	62.0	0.80%
Treasury Bills and Other Governmental Notes	39.2	22.1	77.38%
Due to Customers	232.0	155.4	49.29%
Other Provisions	1.5	0.9	66.66%
Total Equity	**21.3**	**16.5**	**29.09%**

b. Consolidated CIB and CI-CH

	Balance as of 31/12/2016	Balance as of 31/12/2015	% Change
Total Assets	**267.5**	**179.5**	**49.03%**
Contingent Liabilities and Commitments	68.6	31.0	121.29%
Loans and Advances to Banks and Customers	85.4	56.8	50.35%
Investments	62.1	61.6	0.81%
Treasury Bills and Other Governmental Notes	39.2	22.1	77.38%
Due to Customers	231.7	155.2	49.29%
Other Provisions	1.5	0.9	66.66%
Total Equity	**21.5**	**16.6**	**29.52%**

II. Income Statement (in EGP million)

a. CIB Standalone

	Jan. 1, 2016 to Dec. 31, 2016	Jan. 1, 2015 to Dec. 31, 2015	% Change
Interest and Similar Income	19,144	14,765	29.66%
Interest and Similar Expense	-9.127	-6,650	37.25%
Net Income from Fee and Commission	1,548	1,586	-2.39%
Net Profit After Tax	5,951	4,641	28.22%

b. Consolidated CIB and CI-CH

	Jan. 1, 2016 to Dec. 31, 2016	Jan. 1, 2015 to Dec. 31, 2015	% Change
Interest and Similar Income	19,144	14,765	29.66%
Interest and Similar Expense	-9.127	-6,650	37.25%
Net Income from Fee and Commission	1,548	1.586	-2.39%
Net Profit from Continued Operations	5,896	4,669	26.28%
Net Profit from Discontinued Operations	127	61	108.20%
Net Profit After Tax and Minority Interest	6,009	4,729	27.06%

Saint Catherine's Monastery is believed to enshrine the burning bush through which God was first revealed to Moses.

2016 IN REVIEW

2016 was not without its challenges, but it was yet another opportunity for CIB to demonstrate its ability to remain ahead of the game and "A Bank To Trust."

Declared a UNESCO World Heritage Area, Saint Catherine's ecosystem is home to many endemic and rare species, including the world's smallest butterfly — the Sinai baton blue butterfly.

Institutional BANKING

56% y-o-y
growth in loan portfolio to EGP 97.5 billion by year-end 2016

Corporate Banking Group (CBG)

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

CBG's foremost goal is to advance the nation's economic development. It is committed to closely monitor the performance of projects and economic entities that CIB finances to ensure their viability. The group believes 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 Egypt while maximising value for its shareholders, employees and the community at large. We strive to create the best possible banking experience for our clients through developing new innovative products.

Competitive Advantages

- 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, food and agribusiness, tourism, shipping and ports and real estate.
- Ability to provide a wide and innovative array of financing schemes.
- Broad coverage including companies with sales revenues above EGP 100 million, thus establishing a foothold in this untapped segment to create future growth potential.

2016 Achievements

Despite the challenging economic and market conditions during 2016, the Group was able to grow its loan portfolio 64% y-o-y through the following:

- The revaluation of our foreign currency book following the EGP floatation.
- Participating in two syndicated loans to finance new energy generation capacities of 16,265 MW in Egypt.
- Participating in a trilateral syndicated agreement with the Egyptian Electricity Holding Company and Egyptian General Petroleum Corporation to discount dues between the parties.
- Leading the market with a share of 37.7% in financing Egypt's 4G licenses while improving CIB's share of wallet to 41% in issuing the required performance letters of credit for the mobile operators.
- Playing part in Egypt's mega projects such as the Suez Canal Tunnel Development Project (Ismailia and Port Said).
- Financing major acquisition deals within the healthcare sector.
- Launching the new Discounting Without Recourse Product, preliminary introduced to pharmaceutical manufacturers in its first phase. Marketing for the product is ongoing, aiming to gain more exposure in 2017.
- Scoring an overall Net Promoter Score of 27 and a Customer Satisfaction Score of 7.7.

2017 Strategy

CBG's goals in 2017 reflect the Bank's overall objectives and mission to create higher stakeholder value while playing a pivotal role in driving the country's economy out of our responsibility as the best bank in Egypt.

Creating higher value for all stakeholders can only be achieved through the development of new innovative products, creating the best possible client experience and focusing on our asset quality and growing our business.

On the asset quality front, the Group is focusing on restructuring problematic accounts and developing specifically tailored credit facilities to distressed/unconventional industries.

To achieve growth in business, the team is looking at four main products in 2017, in additional to our existing ones. These are:

1. Discounting of Trader Receivables
2. Securitisation
3. Escrow Arrangements
4. Supplier Finance Scheme

The group intends to continue supporting other areas within the Bank through marketing CIB's electronic payment gateway to potential customers. The goal is to increase penetration rates and create a memorable customer experience, refer small- and medium-size subcontractors and suppliers dealing with our clients to the Business Banking Group and promote discounting and forfeiting transactions to CIB's prime corporate clients on select import and export transactions.

Financial Institutions Group (FIG)

FIG covers global relationships with credit institutions and serves 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 specialised 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.
- Specialised 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.

Geographical coverage

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

- Americas and Europe Team
- Asia-Pacific Team
- MENA, Africa and Russia Team

Product Management

Complementing the activities of the division is a Trade & Cash Products Team specialised in structuring products and services that meet the unique needs of banks and clients, such as:

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

2016 Achievements

- Grew outstanding contingent trade finance portfolio 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.
- Continued to expand in Eastern Europe as a new market, focusing on relationships in Poland and the Czech Republic.
- Continued our initiative of signing trade-facilitation agreements with multilateral financial institutions to support Egyptian trade transactions and expand our coverage of Africa to better cater to the trade finance needs of Egyptian exporters.

Despite the challenging economic and market conditions during 2016, the Corporate Banking Group was able to grow its loan portfolio 64% y-o-y.

2017 Strategy

- Position CIB as the bank of choice for correspondent banks through applying a customer-centric approach by acting not only as a correspondent bank to our counterparts but also as their local advisor.
- Capitalise on our service quality and efficient processing to further grow the trade finance business (contingent and direct).
- Further diversify correspondent network by focusing on relationships with Asia and Africa.
- 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 FIG. It provides credit facilities, liability products and services to all types of non-bank financial institutions. Targeted clients include companies engaged in leasing, insurance, securities brokerage, car finance, factoring and credit insurance, along with investment companies and microfinance organisations.

2016 Achievements

- Grew total loan portfolio c. 56% and total deposits 101%.
- Attracted new-to-bank accounts and grew credit facilities extended to existing clients.
- Participated in landmark securitisation transactions.
- Established new limits for existing companies and identified new NGO accounts to accommodate the microfinance business.
- Continued to maintain moderate levels of portfolio risk and managed an effective collection of loan portfolio payments.

2017 Strategy

- Grow loan portfolio and increase share of wallet for existing prime credit customers in leasing and microfinance.
- Approach new clients in mortgage finance, leasing and microfinance.
- Focus on bond investments related to securitisation transactions.
- Market the Bank's digital products for all existing and targeted NBFIs.
- Grow the 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.
- Aggressively market and cross sell CIB liability products.

Finance Programs and International Donor Funds (FP&IDF)

FP&IDF is uniquely specialised 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 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 more eco friendly. 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 has managed CIB's direct microfinance portfolio since 2007. Most recently, the indirect model was launched through lending microfinance institutions (MFIs) in collaboration with non-bank financing institutions. In 2016, the division introduced a cash collection solution through the addition of a new function to CIB Smart Wallet that enabled microfinance institutions to collect payments from customers.

Carved out of just one ridge of limestone 73 meters long and 20 meters high, the Sphinx of Giza is considered the greatest monumental sculpture in the ancient world.

EGP **82.8** bn
in deals expected to materialise in FY2017

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

2016 Achievements
- FP&IDF maintained CIB's position as the leading agent bank in the market.
- Concessional loans amounting to EGP 672.1 million were disbursed through the Agricultural Development Program.
- Grew fund programs under management to EGP 1.6 billion.
- Awarded two new agency contracts.
- Launched the Support to Agriculture Small- and Medium-Enterprises Project (SASME Project), amounting to the equivalent of EUR 30 million in EGP terms.
- Launched the Promotion of Rural Income through the Market Enhancement Project (PRIME Project), amounting to USD 35 million in EGP terms.
- A joint declaration was signed with AFD to consider two credit facilities to CIB for EUR 80 million, with EUR 60 milion as a soft loan granted by AFD and dedicated to promote renewable energy and energy efficiency, combined with a EUR 350, 000 grant for a technical assistance program.
- Introduced a cash collection solution through the addition of a new function to CIB Smart Wallet that enabled microfinance institutions to collect payments from customers.

2017 Strategy
- Sustain CIB's leadership in agency and participating bank functions by growing the portfolio of funds under management.
- Grow CIB's microfinance portfolio in collaboration with non-bank institutions.
- Market the cash collection/disbursement solution through CIB Smart Wallet to our existing customers as well as other MFIs.
- Continue to enhance CIB's capacity for microfinance lending through establishing new agreements with guarantee institutions and providing technical assistance opportunities.

Debt Capital Markets (DCM)
DCM has an unparalleled track record, with experience in underwriting, structuring and arranging large-scale project finance facilities, syndicated loans, bond issues and securitisation 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.

2016 Achievements
DCM has focused its marketing efforts in conjunction with CBG & GCR (leveraging on CIB's underwriting capability), with a focus on local currency denominated financing particularly in the infrastructure, energy, ports, petrochemicals sectors and PPP projects, as well as real estate and telecommunication. We have been successful in achieving the following: :

- DCM has deals for a total debt size of EGP 31.4 billion with CIB's share amounting to EGP 6 billion and EGP 0.6 billion in new and restructured transactions in 2016, CIB is in the final stages of closing an EGP 2.3 billion syndicated facility for the Suez Canal Tunnel Development Project.
- In light of the government's plan to expand and develop the Suez Canal region to become a global hub, CIB is in the final stage of closing an EGP 3.2 billion syndicated facility for a tunnels project in the Ismailia governorate. DCM has also closed deals in FY2016 worth a total issue size of EGP 3.4 billion in the bunkering and power sectors, namely with Sonker Bunkering Company and the Egyptian Electricity Holding Company.
- Continued growth in the real estate, education, building materials, petrochemical, transportation, power and infrastructure sectors has provided financing opportunities, with ongoing negotiations for deals worth EGP 82.8 billion expected to materialise in FY2017.
- DCM has also closed deals in FY2016 for a total debt size of EGP 15 billion in the bunkering and power sectors.

DCM continues to lead in the securitisation sector, having closed deals worth EGP 2.6 billion in 2016. DCM is also mandated as a Joint Lead Arranger with NBE for Arab Contractors securitization for EGP 500 million and Abdul Latif Jameel Securitization for EGP 200 million. In addition, deals in the pipeline amount to EGP 700 million for originators in the fields of auto finance and leasing among others.

2017 Strategy
- Continue playing a vital role in economic development by mobilising funds for large-ticket project financing deals and syndication transactions.
- Position the Bank 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, 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.

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

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 products covered 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, interest rate swaps and interest rate caps/floors/structured products. The division's Primary Dealers team provides

Ras Sedr was originally developed as a base town for one of Egypt's largest oil refineries, but its beautiful coasts transformed it into a prime resort area.

clients with transparent advice on their investments in treasury bills and treasury bonds as well as corporate bonds, on both primary and secondary markets, with very competitive prices on the secondary market offers. The team has been one of the most influential players in the local debt market. The Treasury Division's team provides the Bank's clients with an incomparable quality of service around-the-clock.

Service Model

TCM uses a hybrid customer-centric service model. It contains some features of the direct customer-centric model, such as understanding your customer by actively engaging and comprehending the customer analytics/information, enhancing the customer experience and breaking down silos. It is also composed of market understanding by pricing TCM products related to market norms in a way that effectively addresses customer needs.

Target Markets

TCM works in collaboration with all customer relationship sectors, such as Corporate Banking, Business Banking, Strategic Relations, Enterprise Customer and Financial Institutions such as insurance companies and funds. It targets clients with long and strong relationships with CIB and those with large volumes of foreign currency, fixed income, money market and hedging businesses. It also focuses on customers with expertise and adequate understanding of our products to advise them and enhance their treasury business volumes.

2016 Achievements

- Despite the severe shortages in FX during the year, TCM has been able to secure some FX from its repeat client base, with a total reaching the equivalent of USD 1.25 billion in 2016.
- In 2Q2016, Global Finance Magazine recognised CIB TCM as one of Global Finance's World's Best Foreign Exchange Providers in 2016.
- TCM maintained its leading position as the highest net trading income segment among Egyptian private banks in 2016, with a total value of EGP 1.315 billion.
- The Ministry of Finance ranked CIB's Fixed Income Desk the second best performing bank on the primary market for treasury bills and bonds and second best on the secondary market for treasury bonds.

2017 Strategy

Increase TCM's market share of the foreign exchange business, especially for foreign currency purchased against the EGP, and boost the deposit base captured across all customer segments and share of fixed income and money market generated.

Asset & Liability Management (ALM)

The strategic priority for ALM is the management of the Bank's assets and liabilities in terms of interest rates, liquidity and concentration risk and maximising the Bank's net interest income by managing the excess liquidity portfolio in all currencies and introducing a variety of diversified products to satisfy both retail and corporate clients' needs such as mutual funds and CDs. Moreover, ALM is responsible for managing the Bank's Nostro accounts and is also committed to effectively attracting DDA and Savings Accounts through proper pricing and coordination with other lines of business.

ALM's main objectives are to provide adequate liquidity, maintain mandatory ratios and manage liquidity risk within approved gapping limits. It also focuses on the Bank's overall interest rate risk in terms of re-pricing gaps and duration, which includes the restructuring and hedging of the balance sheet.

2016 Achievements

- Successfully managed the Bank's liquidity and contributed towards increasing the Bank's LCY net interest margin compared to the same period of the previous year.
- CIB remained a safe haven even after the liberalisation of the exchange rate by moving its capital away from riskier investments.
- Maintained liquidity during the free float by keeping liquidity ratios solid at higher than regulatory ratios. Surpassing our liquidity goal was mainly attributed to our efforts to attract deposits and increasing deposit rates to attract clientele and higher volumes.
- Continued to maintain liquidity with solid net loans/deposits, strong asset quality and a comfortable coverage ratio.

2017 Strategy

ALM anticipates growth in the private sector business driven by a gradual pickup in several sectors and a boost in investor confidence. As such, ALM will continue positioning the Bank to comfortably support all its clients' needs while enhancing shareholder value. The Bank has a strong appetite for growth in both deposits and loans to cater to customer needs and increase bottom-line profits.

Direct Investment Group (DIG)

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 client growth.

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

2016 Achievements

2016 was a rather exciting year for DIG in light of the changing market dynamics and investment landscape. As always, DIG remained positive on Egypt's long-term economic prosperity and confident about the country's ability to overcome short-term challenges. DIG viewed the current market instability and scarcity of sizable quality investments as an opportunity to scan the market, aiming to pursue a wider coverage of the investment spectrum and add new business lines.

The lack of international investment inflows and the challenges facing importers resulted in the rise of mid-sized local players to fill the newly created supply gap. This encouraged

EGP **1.3** bn

non-interest income for the full year

DIG to explore mid-size investment tickets in industries showing resilience to market challenges and great potential to deliver above-average, risk-adjusted reruns. A considerable pipeline of mid-sized deals supported adding such investments as one of our new focus areas.

Moreover, DIG was active in exploring the venture capital space, being one of the new pillars to drive value for CIB and fuel economic growth at large. As an initial step to further unleash the venture capital potential for CIB, DIG was heavily engaged in the preparation and conclusion of CIB's sponsorship of FIN-Tech, a specialised financial technology acceleration track, in association with AUC's V-Lab. Additional investment activities are currently being prepared for CIB to further benefit from the venture capital space with a risk-conscious approach.

Exits: Despite prevailing market conditions, DIG succeeded in concluding the full exit from two of CIB's affiliated investments, namely Corplease and Egypt Factors, which falls in line with CIB's open architecture strategy.

Portfolio Management: DIG continued its on-going support to its portfolio companies at all levels to provide required assistance for companies to weather market volatility. Such efforts have preserved the quality of DIG's investment portfolio throughout the year.

The Pipeline: DIG's dedicated marketing and deal-sourcing team managed to maintain a healthy deal pipeline despite the prevailing investment climate. As a result, DIG assessed the viability of multiple investment opportunities, mainly in defensive sectors such as education, healthcare, food and logistics.

2017 Strategy

DIG is embarking on a portfolio expansionary strategy aiming at doubling assets under management by 2020. Accordingly, DIG will continue its efforts to add lucrative investments with profound fundamentals, high growth potential and value proposition for CIB.

Strategic Relations Group (SRG)

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 organisations of sovereign origins and affiliations.

SRG's portfolio is made of up global donors, aid and development agencies supported by their sovereign diplomatic missions, international regulatory agencies, major tier-one educational constituencies and key charity foundations. Their deposits contribute considerable amounts to CIB's stable funding base.

SRG is a small group of professionals dedicated to bridging the gap between CIB's streamlined services and the distinct expectations of its clients. Its edge is in working closely with each client individually, designing innovative, tailor-made services to suit the various business and operational needs of clients. Its success is based on long-standing partnerships with clients, dating as far back as the 1980s, despite fierce competition.

SRG is committed to continue strengthening these partnerships to maintain customer loyalty while preserving the delicate balance between client satisfaction and account profitability.

Marsa Alam is home to some of the most pristine marine life in Egypt, with sea turtles and dugongs being a common site at Abu Dabab Beach.

GLOBAL CUSTOMER RELATIONS

Over the past few decades, cross-border business has experienced unparalleled growth due to advances in communication and IT, privatisation and deregulation in emerging economies and the emergence of the global consumer. As the era of globalisation continues to manifest itself through the emergence of global companies, the importance of Global Customer Relationship Management has become increasingly significant.

In December 2009, 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 proven globally to be an effective method in accelerating business outcomes through superior customer support/service. The model may be relatively new in Egypt, but it has been adopted globally over the past 25 years.

Primarily, the GCR's vision was for CIB to become a one-stop shop as a financial solutions provider rather than a product provider. With this vision in mind, our mission was to maximise customer satisfaction and revenue generation, through making the most of customer value across the global customer portfolio within the Bank.

In February 2016, the board decided to adopt key institutions' best practices of applying a model where the GCR assumes the function of customer acquisition/maintenance, supported by product officers. Under the new model, the GCR function is responsible for the client and product profitability, share of wallet (SOW) and product penetration rates, among other things. Client profitability is composed of various products including GTS, treasury and corporate credit.

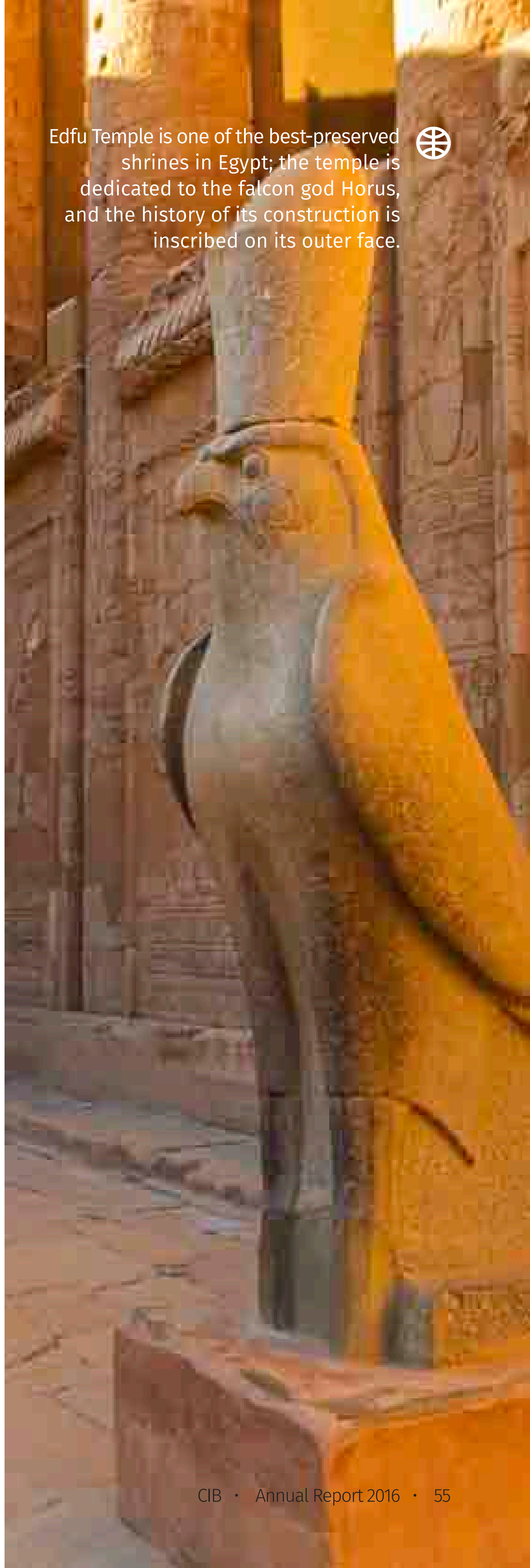
2016 Achievements

- ***SCZone:*** After successful and unwavering efforts, an MOU with the SCZone was signed, marking CIB's leadership in the market as the first bank to undertake this initiative. The MOU entails the cooperation of both entities in the execution of the SCZone's development plan through providing our distinguished commercial, retail, automation, corporate banking and advisory services as well as all other financial services provided by the Bank. The MOU of significant importance to CIB, letting us provide our advisory and technical consultancy services to the SCZone on projects presented for investments in the Economic Zone along with the needed financing for these projects either bilaterally or through arranging the necessary syndications.
- ***Renewable Energy:*** Immense efforts were exerted in the field of renewable energy during the year, making CIB the sole mandated bank for many major deals, translated in the issuance of LGs amounting to EGP 211 million.
- ***Digital Solutions:*** In keeping with GCR's continuous effort to promote newly launched digital services, CIB Smart Wallet was launched with success, with clients signing 112 Smart Wallet applications. Some 18,130 ACH system transactions were implemented. CPS (Corporate Payment) transactions for CIB amounted to 50% of total e-finance volume. Transactions for one GCR client amounted to EGP 226 million, representing 16.3% of CIB and 8% of total e-finance transactions.
- ***Vodafone Cash:*** CIB signed an agreement with Vodafone to support Vodafone Cash by migrating approximately 1.8 million wallet users to the MasterCard platform. The service reflects CIB's strategy of promoting financial inclusion in Egypt and attracting various segments of customers under the umbrella of banking services by providing a range of innovative electronic solutions that meet customers' needs. Total mobile line subscribers stand at more than 90 million while the total number of bank clients do not exceed 10 million. This means the agreement between CIB and Vodafone, the leading mobile operator in Egypt, will help expand the base of mobile banking services customers and enhance Egypt's general banking awareness. Offering banking services through electronic channels such as Vodafone Cash is one of the most significant and important steps in attracting Egypt's substantial informal economy.
- ***4G Financing:*** Capitalising on its close ties to the industry, CIB financed mobile operators to acquire groundbreaking 4G licenses in the form of contingent and direct facilities, for EGP 490 million and EGP 2.8 billion respectively, with a 41% SOW.
- ***Portfolio:*** Increased the loan portfolio to EGP 40.8 billion in 2016. Increased the deposit portfolio to EGP 13.54 billion in 2016

Strategy Going Forward

Given GCR's newly expanded role and the healthy economic signals that have begun to emerge since October 2016, going forward GCR's strategy will focus on:

- Maximise CIB's profitability through three major channels:
  - Explore new business opportunities via market screening for newly sound customers.
  - Increase SOW, penetration rate, profitability, asset quality and RAROC of all customers.
  - Grow the retail banking business through marketing retail products and services to existing and new clients.
- Strategic collaboration with all CI family, with a specific focus on CI Capital along with the GTS team to provide fully rounded solutions to clients.
- Focus on FDIs, especially from the Gulf region after the EGP float.
- Major attention will be given to mega projects located in the Suez Canal Zone in addition to the energy (conventional/renewable), EEA, infrastructure, transportation, logistics and ports sectors in line with the government's announced directives and expansion policies.
- Exert more effort to recover problematic/underperforming accounts to safeguard the quality of CIB's asset portfolio.



Edfu Temple is one of the best-preserved shrines in Egypt; the temple is dedicated to the falcon god Horus, and the history of its construction is inscribed on its outer face.

CONSUMER AND BUSINESS BANKING

The success of CIB Consumer Banking is demonstrated by the exceptional growth in customer deposits, which reached EGP 99 billion and USD 4 billion by December 2016, an impressive 12% y-o-y increase.

Cards

Payment Acceptance

CIB is the clear market leader in credit and debit card payment acceptance, processing over 30% of total market volume, valued at EGP 28 billion.

Wealth Segment

The Wealth segment focused in 2016 on customer centricity while also preserving our core brand values: personalised solutions, priority services, trust and recognition. Through this, the division has managed to rake in a total deposit portfolio of EGP 85.3 billion, representing 47,000 customers, in serving this crucial segment

2016 Financial Highlights

- To better serve our customers and increase our geographic presence, the Wealth sales force was increased 45% y-o-y, leading to a significant 36% y-o-y increase in the number of customers.
- Total deposits hit EGP 85.3 billion – a 72% y-o-y increase since December 2015.
- Assets recorded EGP 8.9 billion, up 60% y-o-y.

Key 2016 Highlights

A new layer of management was added to the segment in 2016, under which Wealth Managers now report directly to a Wealth District Head. This opened up more avenues to lead, liaise with and coach Wealth Managers and helped recalibrate the strategy and pillars of the Wealth segment during the year.

In keeping with our efforts to not only gain but retain our Wealth customers and strengthen brand loyalty, the Wealth segment continued to provide key financial services, personal privilege packages and handpicked lifestyle offerings to our clients. Just some of the benefits offered in 2016 were tickets to the Majida El Roumi Sound and Light Concert (May 2016), El Classico match in Barcelona (April 2016) and the Dire Straits Experience Concert in Soma Bay (January 2016).

CIB Plus

CIB Plus continued to focus during the year on priority services and on providing exceptional-quality services and personalised facilities that meet the needs of medium-worth individuals through a qualified team of highly trained Plus Bankers.

2016 Financial Highlights

To better serve our customers and increase our geographic presence, Plus sales force was increased 20% compared to 2015, leading to:

- Customer count growing 28% y-o-y since December 2015.
- Total deposits increasing a significant 51% y-o-y since December 2015.
- Total asset portfolio climbing 31% y-o-y since December 2015.

Key 2016 Highlights

During the year, training our Plus Bankers has been a key focus. The bankers were enrolled in the AUC Academy to help them fine-tune their skills, boost their market knowledge and hone their customer-management abilities.

We also focused more on our clients through offering tailored privileges and loyalty packages that meet this segment's needs while simultaneously promoting CIB products to bolster penetration rates.

Liabilities

The success of CIB Consumer Banking is demonstrated by the exceptional growth in customer deposits, which reached EGP 99 billion in local currency and USD 4 billion in foreign currency by December 2016 – an impressive 26% y-o-y increase of EGP 20 billion and 11% y-o-y increase of USD 416 million compared to year-end 2015.

CIB's deposit market share reached 8.1% as of October 2016 (latest published CBE data), maintaining CIB's leading position among private sector banks in the country. The growth is an outstanding achievement in a highly competitive market of 39 banks and has helped CIB increase its market share 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 48 basis points to 7.51% as of October 2016 up from 7.02% as of December 2015.

Insurance Business

The CIB Insurance Business provides life and general insurance programs that generate non-interest revenues in the form of fees for CIB Consumer Banking. CIB now is considered the largest distributor of individual life insurance policies in Egypt, with around 56% of the new business market share in 2016.

In 2000, CIB began promoting life insurance programs such as protection and savings packages. These programs were introduced to address a variety of consumer needs through Commercial Insurance Life Company (CIL). The department began offering general insurance in 2011 and capitalised on its strong links to the Egyptian market and the top insurance providers to find the best solutions for our customers.

Key 2016 Highlights

In December 2015, CIB completed the sale of CIL to AXA. As part of the sale transaction, CIB signed a bancassurance agreement with AXA giving it the benefits of a 10-year, exclusive life, savings and health distribution.

Several new life insurance programs were also introduced in 2014/15, with upgraded benefits to better satisfy customer needs in a variety of segments.

In 2016, AXA introduced for the first time in the Egyptian market the Health Insurance Product, exclusively through CIB Distribution Channels, allowing CIB to be the first bank to market such a significant product to its customers. The launch capitalised on AXA's vast medical network in Egypt, which includes more than 1,800 medical providers to suit all client segments, and caters to the increased demand for adequate health solutions in the Egyptian market.

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.

2016 Achievements: Life Insurance

- Life insurance fee income increased 45% in 2016 compared to 2015. The life insurance business was worth EGP 427 million in 2016 compared to EGP 282 million in 2015, a significant growth of 51%.
- Continued to provide a wide array of insurance plans to meet the needs of all consumers.

2016 Achievements: General Insurance & Bundled Products

- Increased Credit Shield fee income by 42% compared to 2015.
- Increased Family Protection Plan fee income by 27% compared to 2015.
- Developed the Business Banking Master Policy, providing CIB Business Banking's unsecured customers with property insurance coverage for approved assets.

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

Marketing & Communication

The growth of the Consumer Banking portfolio can be directly attributed to the launch of several new successful marketing activities/campaigns that adopted a personalized targeting approach, leading to more effective customer engagement and enhanced loyalty.

The Consumer Assets Division recorded a total revenue of EGP 956 billion as of December 2016, contributing 19.4% to total Consumer Banking revenue.

Due to the shifting dynamics of the Egyptian market during the year, keeping up with key market research trends was more important than ever in 2016 in guiding future marketing activities. This was effected through measuring customers' interests and behaviour by conducting both qualitative and quantitative research.

Marketing activities/campaigns launched during the year were designed to support our Consumer Banking strategy, which aims at a more personalised, targeted approach when it comes to customer interactions. The goal was to shift from a product-centric approach to a customer-centric one in terms of appealing to a target group's age, demographics and interests.

In more specific terms, the team focused on digital marketing due to the undeniably pervasive nature of technology in everyday lives. Incorporating digital campaigns into our marketing strategy in 2016 was essential to ensuring maximum exposure and reach for CIB products and services.

Our digital marketing approach focused on two main channels:

- ***Search Engine Marketing:*** users proactively searching for the product/service.
- ***Digital Display Marketing:*** users visiting websites that relate to their needs and interests but not proactively looking for the product/service.

Various marketing initiatives also took place on CIB's official Facebook page, which boosted the number of fans on the page to 490,000 (organic fans), up 30% in the third and fourth quarters of the year compared to the first and second. The CIB website also saw a tremendous 40% increase in the number of hits this year to the consumer banking pages.

Consumer Assets

The Consumer Asset Portfolio has exhibited significant growth of EGP 4.6 billion in 2016 despite the myriad of challenges posed due to changing market dynamics, currency devaluation and regulatory requirements. The portfolio hit EGP 14.8 billion as of December 2016. CIB has been more nimble in addressing the adverse impact experienced in the market due to the restrictions on lending and shortage of foreign currency.

The Consumer Assets Division recorded a total revenue of EGP 956 billion as of December 2016, contributing 19.4% to total Consumer Banking revenue.

Our key objective is to sustain this level of growth in 2017 and to outpace the market through a more segment-driven strategy that drives our product propositions, acquisitions and service models, and portfolio and life cycle management. This will translate into providing our clients with need-based propositions at the point of need.

Consumer Asset products are designed to be customer-centric to facilitate a demand-pull approach and gradually move away from a product-push approach. 2016 saw several new card product launches and re-launches to ensure effective product differentiation and that we successfully meet our clients' varied needs.

Key 2016 Highlights

- Ongoing card realignment and setting a clear product hierarchy with value differentiation.
- Launching two new card products: White and Titanium Credit Cards.
- The successful migration of Citibank's card portfolio, including an effective product-mapping strategy that ensured a smooth migration to the equivalent product at CIB while providing more value at a lower price point than at Citibank.
- Visa Business credit and debit cards were launched to serve our business banking customers. These cards will serve as a very convenient way for both the corporation and the employee to manage and calculate business-related expenses and digitise their payments. Special deals and offers targeting the segment facilitate their daily business such as courier, transportation and travel services. In addition, there will be extra value-added features such as EPP and cash on call, which will provide the card holders with more purchasing power to grow their business.
- Improving customer convenience through IPP with the launch of merchant-initiated IPP, covering 150 merchants across a variety of sectors.

The White Canyon in Sinai gets its name from the high limestone content of the rocks, which gives the peaks and valleys a magnificent milky-white appearance.

EGP 77 bn

added to CIB's deposit base in 2016, up 49% y-o-y

Loans

The Personal Loan product grew aggressively in 2016 through a range of initiatives throughout the year:

- Migrating Citibank's loan portfolio using multiple programs developed to cater to different customer segments at Citibank while at the same time providing additional benefits for migrated loans such as longer terms and competitive interest rates.
- The Wedding Finance Loan, which offers flexible financing schemes paid directly to hotel wedding venues. The package includes additional benefits from Egypt's most prestigious hotels as well as discounted offers from other wedding-related merchants that are already part of the suite of merchants in CIB's arsenal.
- The Mortgage product suite mainly focused on the affordable housing segment this year, which is slated for growth through our mounting relationship with the Mortgage Finance Fund.
- Overdraft Proposition improved payment convenience through the availability of secured and unsecured programs to best meet the needs of every client segment.

Acquisitions

CIB's acquisition strategy was designed to ensure clear alignment between sales channels and corresponding segments, which enhanced client interactions and ensured a smooth process by clearly allocating client segments to the correct channels.

During the year, total credit card acquisitions increased 45% y-o-y to 100,000 in 2016. Total Personal Loans acquisition volumes increased 41% y-o-y to EGP 5.5 billion in 2016 compared to EGP 3.9 billion in 2015.

Going forward, we expect CRM Phase I deployment will contribute to a higher number of acquisitions through lead generation and opportunity management. CIB will continue to leverage CRM capabilities in 2017 after the initial deployment.

Portfolio Management

Due to shifting market dynamics throughout the year, CIB adopted a rigorous portfolio management strategy built to tailor services to various sub-segments based on established criterions for each product. The card portfolio strategy is designed for the 17 sub-segments in the portfolio. The sub-segments have been planned based on the transactional behaviour of card customers, and there are specifically designed initiatives across each segment to maximise the opportunities available.

For the loan division, a similar segmented approach was adopted, with the criteria based on months on book and the balance of the loan.

Business Banking

Business Banking is one of the oldest and largest bank units dedicated to serving small- and medium-sized enterprises (SMEs) in Egypt. The unit has the only complete SME-focused bundle in the market, offering a broad range of financing, cash management, trade, payment acceptance and advisory services to nearly 40,000 SMEs throughout the country. Our credit and debit card payment acceptance business is the clear market leader, processing nearly a third of total market volume in 2016.

In addition to offering specialised products such as supply chain and fleet financing, Business Banking fully supports the Central Bank's initiative to expand SME financing as a key pillar of Egypt's economic growth strategy. Central to this is our more targeted offering to key client segments and industries.

Business Banking's experienced team of specialised SME Relationship Managers provides tailored solutions and advice, partnering with business managers to take their enterprises to the next level. In 2016, a new team of expert Client Advisors was formed to cater specifically to the needs of large depositors.

Clients enjoy the convenience of our market-leading digital channels that automate their financial transactions and inquiries, providing convenient remote access to CIB's services and products outside our branches. Our online platform now accounts for over 40% of trade business volumes.

The Djoser Step Pyramid at Saqqara is the first pyramid built in Egypt and the first large-scale cut-stone structure in the world.

Key Achievements in 2016

Business & Product Development

- ***Products and Services Tailored to Small Businesses***
  Our new loan programmes offer small business clients pre-approved credit lines with minimal documentation and rapid turnaround, while the “Super Business” account bundles a range of exclusive benefits and services offering easy, 24/7 account access and cash management. To further bolster our offering, a new sales team was formed in 2016 to address the specific needs of the small business market.
- ***Business Debit & Credit Cards***
  Business Banking launched Egypt’s first SME credit and debit cards offering a range of unique benefits, including easy account monitoring and control, instalment plan options and exclusive merchant discounts

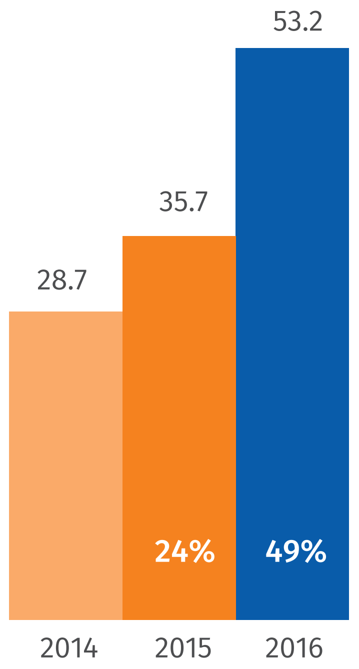
Strategic Partnerships, Training & Events

- ***SME Business Certificate Programme***
  The SME Business Certificate is a specially developed in-house training programme providing a range of on-the-job, soft skills and training courses to prepare our officers to become successful Business Banking Relationship Managers. We are proud to have graduated over 40 Relationship Managers in 2016 from the programme.
- ***IFC Corporate Governance Workshop***
  Partnered with the IFC to deliver training on corporate governance to our Business Banking clients.
- ***AUC & Goldman Sachs Women Entrepreneurs Programme***
  Partnering with the American University in Cairo and Goldman Sachs to support the “10,000 Women Entrepreneurs” programme.

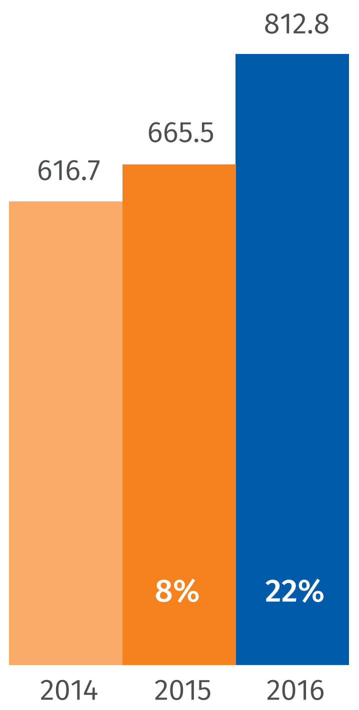
2016 Financial Highlights

- Deposits grew a record EGP 17.5 billion (49%), generating nearly a quarter of CIB’s total deposit growth.
- Business Banking’s loan portfolio reached EGP 2 billion, driven by 43% growth in unsecured loans.
- Net profit grew 22% to over EGP 800 million, nearly 14% of CIB’s total profits.

Deposit Growth (EGP mn)



Net Profit (EGP mn)



DIGITAL BANKING

CIB Digital Banking’s drive is to pursue digital simplicity. In essence, it is developing digital and data capabilities that radically simplify our businesses and processes while dramatically improving the customer experience through greater efficiency, quality and speed.

Over the past three years, we’ve invested in building diversified, resilient, secure digital capabilities. In 2016, we transformed all legacy systems to drive agility and time to market and to develop competitive differentiation. Our aim to improve digital simplicity has driven all the division’s efforts during the year and will continue to be at the core of our initiatives in 2017 and years to come.

2017 onward will see us building a robust digital frontier to deliver even more efficient, effective digital products and services for customers across diversified lines of businesses. We plan to expand our digital capabilities to provide enhanced services, deeper analytical capability and personalise the treatment of every client segment.

Most importantly, we aim to put the customer at the heart of our digital strategy. Over the next three years, our Digital Banking team will focus on delivering the best customer experience by strengthening our multi-channel business model and targeting untapped segments, be they businesses or individuals.

ATM Network

CIB currently has the largest ATM network among private banks in Egypt, with a fleet of over 748 machines providing various types of functions including cash withdrawal, cash deposits, credit card settlement, bill payment, mobile top-up, money transfer, Mobile Wallet cash-in/out and cheque deposits. Our full-fledged ATMs located at convenient sites (56% of the network installed outside CIB branches) cover a wide geographical area and provide expedient alternative to banking at a branch.

2016 Achievements

- Further enhanced our ATM services to assist companies, adding cheque and cash deposits via the Companies Deposit Card service.
- The ATM network continues to serve branch migration efforts, with 84% of individual cash deposits into accounts and 92% of cash deposits into credit cards migrating to the ATM network in 2016.

Forward Strategy

Going forward, we will continue our efforts to drive customer migration from branches and enhance the customer experience through adding new functionalities at competitive prices to our ATM network.

Phone Banking & Call Centre

The CIB Call Centre handles an average of 3.5 million calls annually, serving both CIB and non-CIB customers. The centre allows consumer banking clients to manage money transfers, inquire about cards and accounts and activate cards and manage PIN selection easily anytime, anywhere.

2016 Achievements

- Introducing IVR Self Service helped to offload 53% of the incoming inquiry calls received by the call centre in 2016 and doubling the number of enrolments to an average of 6,000 per month compared to 3,000 per month in 2015.
- CIB became the first bank to introduce a Bill Payment & Recharge service to our IVR, leveraging on One-Time Password (OTP) token capabilities. IVR Bill Payment & Recharge gave CIB customers a new touch point and created a new revenue stream with growth potential.

Forward Strategy

We plan to continue to offload call centre requests by migrating even more eligible calls to IVR Self Service, aiming to reach a 70% migration ratio, to optimise the call centre’s operational cost and boost agents’ productivity. By the end of 2017, we plan to introduce IVR Self Service for Corporate Banking clients as well.

150 ATMs

added in 2016 for a total network of 759 across the country

In 2016, CIB achieved a 10.3% y-o-y increase in the number of transactions performed via trade online and increased the number of subscribers to 951 clients.

Online Banking

As tablets and smart phones become the preferred channel for consumer banking, CIB Online Banking has started to capitalise on the shift by offering a range of services to all CIB clients, strongly presenting itself as the go-to channel to perform day-to-day banking activities.

2016 Achievements

- Enhanced internet banking services for CBE Compliance transactions through OTP tokens (both software and hardware tokens).
- Added two new functionalities to enhance credit card users' customer experience by enabling credit cards for registrations and allowing credit card payments to other CIB credit cards.
- 4Q2016 marked the soft launch of our Mobile Banking Application for CIB staff, representing a value-adding extension to the online banking portal. The application is expected to increase the number of subscribers significantly as it matures.

Forward Strategy

2017 will see the CIB Online Banking focus on digital service penetration and automation rates.

CIB Smart Wallet

CIB Smart Wallet is one of the newer offerings under CIB Digital Banking. Launched in January 2016 CIB, this innovative payment experience gives both the banked and unbanked community a convenient, secure and cost effective way to make purchases through mobile devices. With just a few taps, customers can pay bills, recharge their mobile credit, send money to any other CIB Smart Wallet holder, cash-in/cash-out from CIB's ATM network and deposit/withdraw money from their CIB Smart Wallet from any Fawry retailer.

2016 Achievements

- Launched microfinance loan instalments (presentment and collection) via CIB Smart Wallet, making us the first institution in Egypt to launch a service of this nature to this untapped segment. The move allowed us to grow our customer base and improve our reach all while catering to the needs of the microfinance market in a cost-efficient way.
- Continued to rank number one in terms of activity in the local market.
- Facilitated the offsite acquisition for CIB Smart Wallet through piloting with 100 agent outlets.

Forward Strategy

Going forward, CIB Smart Wallet will customise value propositions for each segment to widen its customer base and continue to develop new features and services for untapped segments.

Cash Management

CIB Cash Management provides standardised and tailored cash-management products and solutions that improve the management of incoming and outgoing payments, streamline reconciliation and information management and enhance working capital efficiency. The product offering includes several innovative payment and payable products, collection and receivable products and standard and tailored information reporting delivered through a variety of channels.

2016 Achievements

- CIB customers performed 632,090 payable transactions and 1,482,683 receivable transactions in 2016 via our intelligent, secure Cash Management portal.
- Cash Management's total registered clients reached 5, 000 during the year due to our 24/7 accessibility at convenient sites.
- CIB ranked first in terms of volume in EG-ACH Direct Credit Sending and Receiving, with a 33% and 20% market share, respectively.
- CIB ranks first in terms of Direct Debit Sending with a 99% market share and second in terms of Direct Debit Receiving with a 17% market share.
- Added Business and Enterprise Banking to our roster of Cash Management, which has greatly improved customer experience.
- The transfer migration rate reached 80% as of December 2016. After beginning to migrate internal transfers in only 2Q2016, we already hit a rate of 18% as of December 2016.
- CIB received the Best Cash Management Award from EMEA and was named the World's Best Treasury and Cash Management Providers 2016 by Egypt Global Finance.

Forward Strategy

In 2017 and beyond, we plan to continue our focus on customer migration from branches to Cash Management portals to allow customers to transact more conveniently 24/7. We also plan to continually enhance our existing roster of services to boost our customers' experience and achieve major cost savings.

Trade Services

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

2016 Achievements

- In 2016, CIB achieved a 10.3% y-o-y increase in the number of transactions performed via trade online and increased the number of subscribers to 951 clients.
- The percentage of transactions performed via the 61 Trade Hubs and the online channel reached 100% of bank-wide transactions.
- Our Corporate Payment Service, which enabled CIB clients to pay their taxes and custom fees online, hit 225 customers by the end of 2016 and captured a 47.5% market share, allowing CIB to achieve a number-one market ranking.

Forward Strategy

In 2017, the division plans to launch Supply Chain Finance, a new suite of products automating financial supply chain management. The service brings buyers and sellers together on a single platform to enhance collaboration and invoice submission and facilitate the release of early payments. Supply Chain Finance not only taps into a new business, and therefore revenue stream, but bolsters customer loyalty. The service will let the Bank approve invoices from suppliers at a discount before receiving full payment from the buyer at maturity. Buyers benefit from working capital efficiencies while suppliers can request invoice financing directly through the platform based on the credit quality of their buyers to better manage working capital and reduce sales outstanding.

Global Securities Services

Despite the volatility of the market in 2016, our Global Securities Services (GSS) successfully maintained our leadership position in terms of market share and value of assets under custody, with market share during the year growing to 28% compared to 21% at the end of 2015 and total assets under management reading EGP 250 billion compared to EGP 210 billion last year.

2016 Achievements

- Enhanced GSS platform technologies by developing the current working system. This enabled us to process 357,000 transaction as of the end of December 2016 while continuing to provide high levels of service to our 24,400 active client base.
- CIB joined the Africa & Middle East Depositories Association as an associate member, being the first Egyptian bank to hold a membership in 2016.
- Awarded the best sub-custodian bank in Egypt from Global Finance Magazine for the eighth consecutive year.
- Assigned by the depository bank Bank of New York Mellon as a sole sub-custodian for Domty's new Egyptian GDR program with a total market value of EGP 247 million.
- Acquired three new transactions with a total value of EGP 1.3 billion, maintaining our position as the leading trustee agent in the market with 13 out of 14 securitisation SPVs for a total value of EGP 8.5 billion.
- Maintained our leading position as the local sub-custodian for all Egyptian GDR programs, handling 14 current programs with a portfolio of EGP 62 billion.

1.5 mn

receivable transactions performed through CIB's Cash Management portal in 2016

Forward Strategy

In 2017 we plan to activate the sub-account services for international securities through opening segregated sub-accounts for brokerage companies under CIB's main account held at international clearing depositories, which will ensure that we utilise all available revenue streams.

Digital Governance

Due to the dynamic nature of digital solutions, CIB put together a Digital Governance Division under the umbrella of our Digital Banking Department. Officially launched in February 2016, the Digital Governance Division supports a growing number of required approvals (internal and external) while managing the relationship with government and public sector entities to identify potential business leads.

Digital Channels Governance serves the following key objectives subject and not limited to:

- Obtain all required logistics, official and legislative requirements and approvals from internal stakeholders (Legal, Compliance, AML, Operational Risk, IT Security, and Taxation) to support the smooth and effective finalisation of any new or amended product/service.
- Maintain solid relationships with internal bank stakeholders and external regulators.
- Study the gap analysis between previous CBE approvals / regulations and the current situation, then prepare the required action plans to fulfill any missing requirements in corporation with business owners.
- Maintain CIB's sound legal position and mitigate any potential risks arising from digital solutions/activities.

The Blue Hole in Dahab is a 94-meter deep submarine sinkhole known as the "World's Most Dangerous Dive Site" due to its depth.

COO
AREA

In 2016, the COO Area was primarily focused on the successful acquisition of Citibank's retail business, which was based on the collective and comprehensive efforts exerted across Operations & IT to fulfil this complex integration process. CIB was the only bank among 11 Citibank acquisition deals worldwide to commit to a six-month Transitional Service Agreement (TSA) period, making CIB the only bank to succeed in completing the migration process in less than 12 months.

Over and above, energy was channelled in 2016 into addressing several initiatives within the IT Division, with continued efforts to build up our infrastructure capacity, enhance our production stability, improve our service-monitoring and technology refresh for underlying infrastructure to create a more agile IT organisation that can support our services and provide a more seamless and enhanced customer experience.

The COO Area has also focused on automation, increasing productivity and optimising/streamlining its processes. This included several re-engineering efforts to enhance turn-around times and encourage staff to innovate and bring up new ideas through a "Think Tank" initiative.

A number of key strategic projects were also launched during the year, including the inauguration of Customer Relationship Management Phase 1, improving internet banking with more secured authentication mechanisms and upgrades to our Core Banking Platform. CIB Smart Wallet was publicly launched in 2016 along with a kick-off to our mobile banking implementation, providing more convenient and easy-to-access platforms for a unique banking experience.

To further study customer behaviour and make more effective credit decisions, we initiated the Scoring and Decision Engine project for both credit cards and personal loan applications to ensure minimal risk to bank operations and track consumer risk behaviour, which will allow us to build a unique risk model for each customer.

Much effort was exerted in enhancing the organisation's Cyber Security standing, with a clear strategy and comprehensive plan put in place to improve our security capability and continuously provide a safe banking environment for our customers.

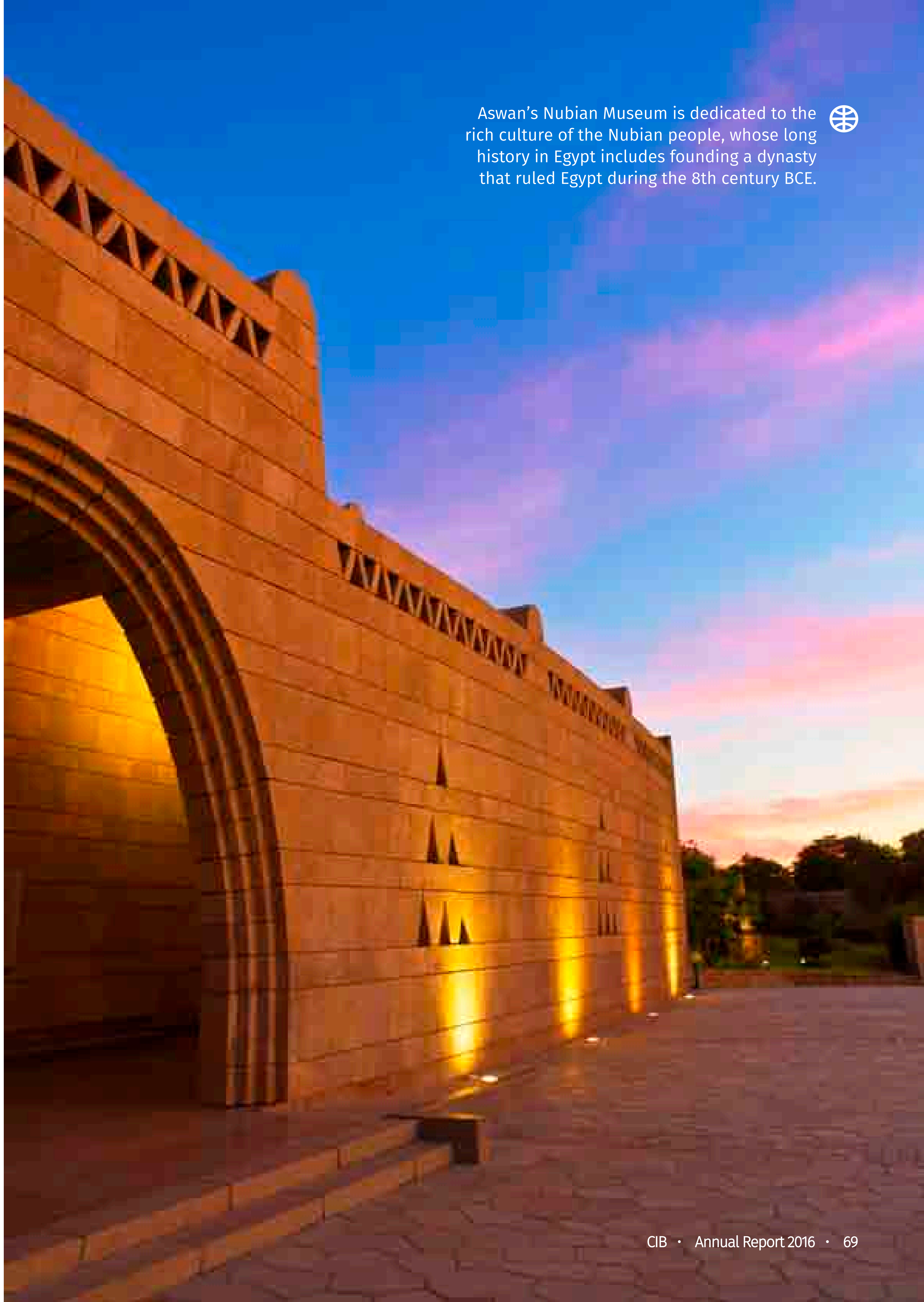
Despite the challenges faced during the year in terms of foreign exchange rates and foreign currency regulations set by the CBE, the COO Area has put in every effort to ensure any extraordinary controls and regulations are seamlessly embedded in our processes without impacting our business expansion plans.

In line with CIB's continuous efforts to expand its reach, 16 branches were added this year, in addition to the re-branding and renovation of ex-Citibank branches to match CIB's brand image. CIB continued to expand its ATM network with an additional 150 ATMs added. The total ATM network is now made up of 759 ATMs across the country by the end of 2016.

Our footprint in Smart Village was also further expanded this year with the inauguration of the third Head Office, an award-winning building certified with the Egyptian Green Pyramids Certificate of Sustainability, emphasising CIB's commitment to sustainable development.

People are one of the Bank's greatest assets. The COO Area's dynamic performance is and will always be built on our high calibre staff and their expertise. This philosophy is carried out through our structured hiring plan, tailored training, leadership development and setting talent management plans. The aim is to build strong second lines with ideal qualifications for those tasked with our future development and leadership.

The focus as of the end of 2016 and going forward is embarking on our digitisation journey, which is the main player in shaping all future banking growth. The digital proposition will empower self-assisted sales and ongoing customer loyalty. Striving to support innovation led to a new partnership between the American University in Cairo (AUC) and CIB to launch AUC Venture Lab FinTech Accelerator to introduce new innovative products and solutions and groom and assist FinTechs to break into the finance sector.



Aswan's Nubian Museum is dedicated to the rich culture of the Nubian people, whose long history in Egypt includes founding a dynasty that ruled Egypt during the 8th century BCE.

42%
LDR, exceeding regulatory minimums and Basel guidelines

> **CIB was awarded the Most Effective Recovery of the Year Award at the Business Continuity Institute Middle East Awards in 2016.**

Information Technology

During 2016, the IT Department took some of the first steps toward becoming a more mature business enablement partner through launching key transformational technologies that support advanced customer centricity and better system-to-system interactions.

The IT infrastructure strategy sought to enhance system resiliency and create a robust infrastructure platform to build a strong, reliable and stable underlying infrastructure to enhance the banking systems' performance and time to market. Transformational technologies and infrastructure resilience support operational efficiency, which is further reinforced and optimised through projects and initiatives that solidify production stability and upgrade end-to-end solutions built on it. In turn, all these efforts have the goal of improving the customer experience.

We laid the foundation for big data to support the business in performing transactional and behavioural analysis, which is considered the core of advanced customer base segmentation.

The role of IT as a business enabler was evident in the success of the Citibank's acquisition project – a major milestone for CIB that required close work with Citibank's global and local teams to ensure a successful integration process

Training and people development was also an important plank for the IT Department in 2016, concentrating on improving the team's technical skills and filling existing gaps through external hiring and grooming existing staff.

Operations, Channels & Customer Experience

Customer centricity coupled with operational efficiency and diversified customer touch points are the key pillars of establishing customer loyalty. This has been an ongoing achievement for CIB that has been sustained by dynamic initiatives supported by the Bank's strategy. In 2016, CRM Phase I was rolled out across our branch network to assist our customer-facing staff in streamlining the customer relationship management process and increase operational efficiency. We set the foundation of Enterprise Service Bus, a new architecture that allows the Bank to hasten the time to market for business solutions requiring data exchange between systems.

Different enterprise digital transformation projects are underway to create outstanding customer experience and consistent capabilities across all bank channels while supporting processes automation.

The initiation of an upgrade project for our Corporate Cash and Trade portals took place this year, aiming at providing a single platform to serve corporate customers, increasing customer satisfaction and providing a more streamlined and seamless online banking experience for corporates. Our Trade Service hubs increased to 61 from 53 to cover the Bank's network and the average transactional increase of corporate customers for better service offerings.

Continuous enhancement and sustaining service levels across channels is also of vital importance, with significant offloading achieved by migrating customers to phone banking. Automated Equal Payment Plan features have been enabled to allow credit card holders to transact directly at the merchant point of sale using Equal Payment Plan features, hence reducing processing turnaround time. Internet Banking Phase II was successfully launched with feasible registration for credit card customers/non-CIB customers.

We approach customer centricity in a holistic way, conducting benchmarking exercises to assess the customer experience journey and services in seven main banks in the market against CIB's. As an ongoing practice, we conduct customer satisfaction surveys across all segments to continue prioritising customer experience indicators and ensure we meet the regional benchmark.

The Bank's operational progression was acknowledged internationally: CIB was selected by the Bank of New York Mellon to be its main sub-custodian in Egypt.

Business Continuity Management & Information Security

The significant evolution of cyber security and its associated risks has necessitated an emphasis on ensuring a proper Security Management Program is in place to effectively manage security risks and guarantee the right governance is in place. Major efforts were funnelled into the cyber security/information security domain to ensure the Bank is fortified with the ability and scope to handle cyber security threats.

As part of our 2016 roadmap, initiatives undertaken this year include the following:

- Establishing CIB's Security Operations Centre, which will significantly boost its capability for monitoring and addressing a wide range of security threats in a proactive manner and build competent and capable Operational Security Services.
- A Fraud Management Solution was put in place to monitor monetary and non-monetary events on both the consumer and corporate internet banking platforms, utilising customer behaviour mapping to minimise operational risks.
- The One-Time Password Solution was implemented for critical internet banking services in accordance with the Bank's strategy to ensure compliance with CBE internet banking regulations and improve security measures that protect customer transactions.
- A comprehensive security governance, risk and compliance framework was established along with the necessary policies that ensure adequate security governance across the Bank.
- Concrete steps were taken toward developing the requirements for Business Continuity Management (BCM) software to automate the full BCM life cycle. Effort went into guaranteeing the continuous testing of our recovery capabilities to ensure service availability for our customers. The Bank remains committed to investing in improving its BCM, bringing aboard a team of dedicated professionals in charge of the function.

In keeping with our efforts, CIB was awarded the Most Effective Recovery of the Year Award at the Business Continuity Institute Middle East Awards in 2016, marking the second Business Continuity Award for the Bank and our 10th nomination for similar awards regionally and globally. CIB was also named finalist this year for the International Award in Business Continuity by the UK's CIR Magazine. The recognition emphasises CIB's unique positioning in the BCM industry across the financial sector in Egypt.

Real Estate & Corporate Services

After a full year of consolidating Real Estate & Corporate Services under one roof, the new division has benefited from streamlined workflow to provide a better working environment for our internal customers.

The department worked aggressively during 2016 in the areas of branch network expansion, head office premises enhancement, business development in addition to supporting CSR and sustainability development.

In keeping with the Branch Network Expansion plan, 16 new branches and 150 ATMs were added this year. Moreover, 56 ATMs were replaced during the year.

Plans to expand the Head Office premises were realised in 2016 with the completion and operation of the magnificent third building in Smart Village, accommodating 350 employees. Another comprehensive Head Office rearrangement plan – serving more than 1,300 employees across around eight buildings – was undertaken to streamline the workflow and accommodate ex-Citibank staff. This included outfitting and operating seven floors at the Merryland Head Office to accommodate 500 employees.

As for Real Estate Business Development, the Service Area Optimisation Strategy was put into action in 2016, aiming at reducing the service area at branches to 29% from 35% and providing more area for the business front line through various initiatives introduced at new branches. The Management Hub concept was also implemented to economise space at branches by moving all managerial posts located that do not have direct client contact to a consolidated area.

Fostering CIB's role in CSR, the Real Estate Department in cooperation with the Sustainability Development Department are contributing to the mega national project to restore the Giza Zoo. Design of the first phase has been completed, and we are currently putting together the logistics for the construction phase, which is slated to begin in 2017.

In continuation with the Bank's directives to facilitate services offered for customers with special needs, more branches throughout the country were outfitted during the year with special needs facilities.

Facility Management continued with efforts to implement sustainability initiatives through many projects, one of which included replacing lighting at CIB premises with environmental friendly LED lights and donating replaced lights to Abu El Reesh Hospital through the CIB Foundation.

We have continued to improve safety measures through the centralisation and upgrade of the surveillance camera systems, a project slated for delivery in 2017.

A new division named Occupational Safety & Health was established to ensure we provide and maintain a convenient and healthy working environment for our colleagues in compliance with the most up-to-date Egyptian laws and regulations for health and safety.

FINANCE GROUP

The Finance Group in 2016 witnessed an expansion in its roles and functions with an increased focus on improving the overall productivity and performance efficiency of the Bank.

The Group added three new units to achieve higher efficiency and specialisation in the Group's functions. A Capital Management unit has been established with the main responsibilities of Basel reporting, furnishing the Bank's dividend policy and the bank-wide use of RAROC. A Cost and Investment Control unit has also been introduced with a primary focus on the application of the Value at Stake concept for all the Bank's IT capital projects to maximise shareholders' return on the Bank's investments in IT infrastructure. A Regulatory Update unit has been established with the main responsibility of keeping an eye on and ensuring continuous compliance with developments in international regulations, mainly IFRS and Basel accords.

Finance Group had three major achievements during the year:

1. The Group drove the centralisation of the CBE reporting function, which was previously performed by different departments across the Bank, to ensure consistency and accuracy in regulatory reporting in a timely manner.
2. The Group achieved commendable control of the successful and timely migration of Citibank retail accounts into CIB systems.
3. 2016 witnessed the launch of the Financial Control School, which would ensure smooth transition of basic, essential knowledge, both theoretical and practical, necessary to understand the day-to-day process in Finance. This course is slated to be a mandatory requirement and prerequisite for joining the Finance Group as well as a promotion eligibility criterion.

The restructured Finance Group has thus provided CIB with a solid foundation to operate efficiently within a challenging regulatory and economic environment while maintaining its competitive edge and maximising long-term shareholder value.

Aswan's Nubian Villages are dotted in houses built in the archetypical Nubian-style and frequently painted in vibrant colors and accented with decorative designs.

BIG DATA

Big data and advanced analytics have been playing a vital role in transforming the way business is done and is influencing the behaviour of customers in all walks of life, and the banking industry is no exception. To implement these rapid developments, bold and swift action was required from our side to lead change in the industry.

Data has evolved from being a tool to becoming a commodity in itself. It represents a fundamental shift in how we do business by opening a door to a new approach to strategy. Big data analytics provide a colossal opportunity for banks to excel by giving them a clear edge to lead the market. Banks that can transform enormous amounts of data into valuable insights and then actions will be able to create a unique and differentiated customer experience.

As CIB has always taken the road less travelled to benchmark itself against top global institutions, we are now the first bank in the region to have an advanced analytics and data management team and will soon become the first to harness the power of big data for the benefit of our customers.

We understand the importance of moving from a descriptive analytics model to predictive analytics and fully comprehend the challenges and difficulties this entails. Therefore, we are investing aggressively in our IT and Human Capital to develop exceptional infrastructure that can support us through this journey.

CIB invested in data storage and computation platforms to increase structured data capacity, improve reporting performance as well as invest in self-service Business Intelligence and real-time information delivery systems to manage petabytes of data for advanced analytics and new regulatory requirements. Those infrastructure investments will be the platform by which CIB will conduct our advanced big data analytics.

We strongly believe these developments will prove transformational not just for CIB, but for the banking industry in Egypt as we know it. We look forward to embarking on this transformational journey with our shareholders as we continue to create more value with our ever-increasing resources.

Hot air balloon rides are an excellent way to experience Luxor, a city that was renowned as a center for knowledge, art, religion and politics in the 11th Dynasty.

HUMAN RESOURCES

Recruitment & Selection

In line with the Human Resources (HR) strategy to develop potential talents, the Recruitment Department became even more responsive when fulfilling hiring requirements during the year, succeeding in reducing the average time-to-hire to 20 days versus 35 in 2015.

The department also lowered expenses associated with hiring middle and senior staffers by relying on our networking and direct sourcing to identify talents without using recruitment agency services. The expenses of over 30 talents were saved in 2016.

The department conducted a talent-mapping exercise to allow the Bank to build a database of Egyptian talents in the GCC, US and Canada for the Bank's critical positions.

To ensure we are developing our employees as our most important asset, the division introduced a new team designated to manage end-to-end internal hiring. The idea was to build a network to provide growth opportunities for potential talents within the Bank.

In our continuous efforts to brand CIB as the employer of choice, the Recruitment Department, in cooperation with representatives from the business side, participated in more than 15 employment fairs, awareness sessions and career events with Egyptian universities, including GUC Career Day, American Chamber HR Career Day, AUC Banking Awareness Session, CV Writing Awareness Session and the Cairo University Business Banking Awareness Session.

In 2016, we launched the Thomas International Behavioural Assessment as an additional screening tool to enhance the quality of new hires. It was used to analyse potential employees'; behavioural style at work, identify their key strengths and limitations and help measure their mental agility before being interviewed for a position.

Organisation Development

Performance management was one of the key strategic aspects HR's Organisational Development Department worked to develop in 2016. An external consultant was brought in to meet with senior management to discuss and assess the current performance management process, implementation and measurement system to identify the gaps and provide recommendations.

HR was keen to deepen the "job weight approach" introduced in 2015. The concept was to apply a systematic method of determining the value/worth of a job in relation to others in the organisation to establish a rational pay structure. The department, in collaboration with the Reward Management Department and relevant business stakeholders, finalised the exercise for all Bank positions, translating Hay Reference levels to CIB Grades. The outcome was communicated to all group heads and employees to clarify ambiguities and make sure the entire organisational structure is on board. The job weight approach was also translated to relevant HR policies.

Twelve organisational restructuring exercises were approved throughout 2016 in the COO, Consumer Banking and Control Areas. The main objectives were to accommodate new functions, enhance the span of control and ensure better communication and workflow.

Career maps for all branches, business banking and wealth management jobs were developed to help create a clear career path for employees by highlighting career advancement opportunities within these areas.

The Employee Relations Team launched the third Employee Effectiveness Survey during the year. Some 4,627 employees participated, meaning a considerably high participation rate of 88%, with the survey revealing 57% engagement and 47% enablement. The results also revealed key organisational strengths: mainly pride in working at CIB, believing CIB has high performance expectations and understanding the link between every job and the organisation's goals. The survey revealed important development opportunities, such as performance management, respect and recognition and work structure and processes. Plans to work on these opportunities are being developed with the relevant business heads to address the issues in 2017.

13.97%
CAR after profit appropriation

Compensation & Benefits

Job Weights
We worked closely with the Organisational Development Department to roll out a job evaluation project correlating with our new CIB Grades to apply the weight of each position to HR's operating system. This should help the Organisational Development and Recruitment Departments make efficient human capital decisions and support all the Bank's lines of business.

Salary Structure
We introduced and implemented a new, flexible salary scale directly linked to market practices. The new structure will enhance CIB's competitive positioning in the market to ensure we attract and retain the best human capital assets and enhance our internal pay equity.

Variable Compensation
We revamped our variable compensation philosophy, taking the Bank's strategic direction into consideration. The new mechanism is driven by varying performance ratings in line with the individual, division and overall Bank performance. It also ensures our competitive positioning among rival banks in the local and regional market.

Learning & Development
In 2016, the Learning & Development Department was strategically engaged with different business lines, offering a comprehensive suite of learning and training programs and modules. We introduced innovative ways to effectively up-skill and empower CIB teams with the best professional learning experience.

This year, the department introduced new learning techniques, which included:

- ***CIB Basic Banking Certificate Program:*** We revamped our induction to provide newcomers with diversified banking knowledge to help them adjust as quickly as possible and achieve maximum working efficiency.
- ***Consumer Banking Professional Certificate:*** Covering 138 Branch Heads, this certificate was designed to develop the skill set required by any CIB Branch Head. The program included 14 mandatory modules (27 training days), and courses were spread over one year, culminating in a team project presented to the Consumer Banking Sr. Management panel.
- ***Customer Experience Program (iCare):*** Various training methods and techniques were applied at all levels, including:
  1. Branch Management (People Managers): 546
  2. Front Liners: 381 (80*)
  3. Tellers & Back Office: 665 (20*)
  4. CIBians (internal departments, support functions): 120
  5. Pilot session for the Call Centre was delivered in October 2016. Rollout was slated for November 2016, covering 60 agents in 2016. The remaining 290 will be covered early 2017.

In line with CIB's strategy, the Learning & Development Department focused on designing and delivering special tracks and programs that serve strategic business segments, keep up with ever-changing consumer banking developments, improve the customer experience across customer touch points and boost leadership and talent capabilities.

These special tracks include:

- Several leadership tracks were designed for different management tiers (Senior and Middle) to develop a common understanding on CIB's priorities/direction as well as desired management practices across the organization. L&D partnered with top-ranked worldwide leadership schools and institutes to deliver the best-in-class leadership programs. IMD's Leading with High Impact Program covering 100 heads of functions.
- Talent programs were designed to develop and equip fresh junior talents and Middle Management High Potentials that will be running in 2017.

Overseas Learning & Development Events
Seventy overseas training courses for key talents and promising delegates were offered in collaboration with Top Institute in Leadership Programs:

- Seven delegates were approved to pursue their overseas postgraduate studies in 20 top universities.
- Twenty-one regional heads and area managers were given the International Sales Management Diploma, endorsed by the Institute of Sales and Marketing Management – England.

The Agha Khan, the influential leader of the Ismaili sect, liked to spend his winters in Aswan for his health and was buried there in an elegant tomb after his death in 1957.

RISK GROUP

The Risk Group (RG) provides independent risk oversight and supports the enterprise risk management (ERM) framework across the organisation. The group proactively assists in recognising 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 (BoD). The group is managed by the Chief Risk Officer (CRO), whose responsibilities entail the day-to-day monitoring of the following key areas: credit, investment, market, operational, conduct, liquidity, interest rate, security, reputational, regulatory, social and environmental risks (referred to as Principal Risks), as well as the establishment of a holistic risk management framework.

Chief Risk Officer

- Credit & Investment Exposure Management
  - Credit Exposure Management
  - Non-Performing Exposure Management & Provisioning
  - Investment Exposure Management
  - FI & Country Risk
  - Social &Environmental Credit Risk Management
- Credit & Investment Administration & Credit Information
  - Credit & Investment Administration
  - Credit Information
- Risk Management
  - ALM Risk
  - Market Risk
  - Operational Risk
  - Enterprise Risk
  - Reputational Risk & Strategic Risk Initiatives
- Consumer & Business Banking Risk
  - Consumer Credit Policy
  - Credit Assessment and Fulfillment
  - Collection and Recoveries
  - Strategic Analytics
  - Application Fraud
  - Business Banking Risk
  - Risk Infrastructure & Control

Shallow beaches and constantly blowing winds make Ras Sedr one of the most ideal kite surfing sites in the world.

Overview

2016 was yet another year of uncertain economic circumstances that experienced CIB's prudent risk management framework support the containment of losses. Despite challenges, Risk Group continued to align and collaborate with business on product development and risk strategies to drive growth without compromising portfolio quality, which was maintained within the risk appetite parameters and continued to be on sound footing despite the difficult conditions.

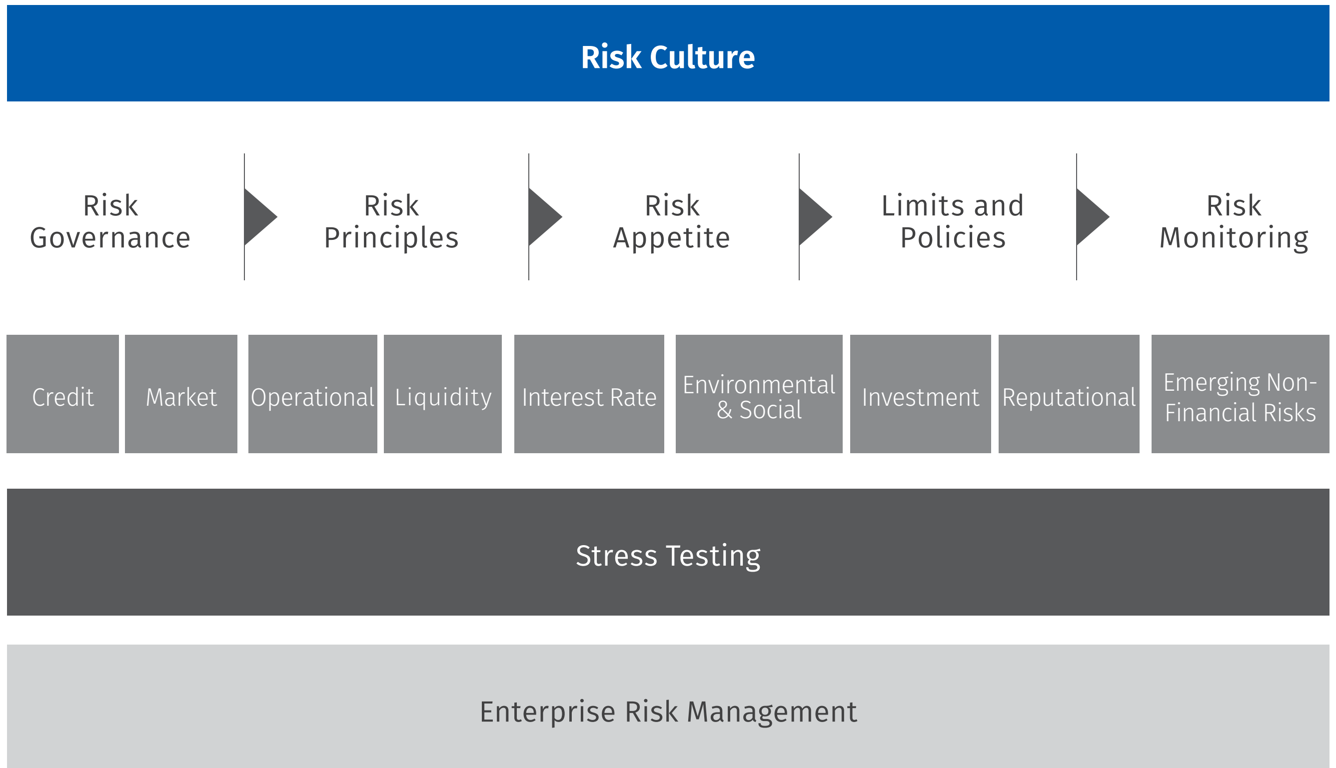
Objectives

- 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 strategic initiatives with special focus to balance sheet optimisation.
- 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 impairment coverage.
- Initiate the process of embedding social and environmental risks as integral components of our risk review by developing social and benvironmental policies, processes and procedures.
- Support business growth while encouraging approval/ delegation authorities to enhance turn-around time.

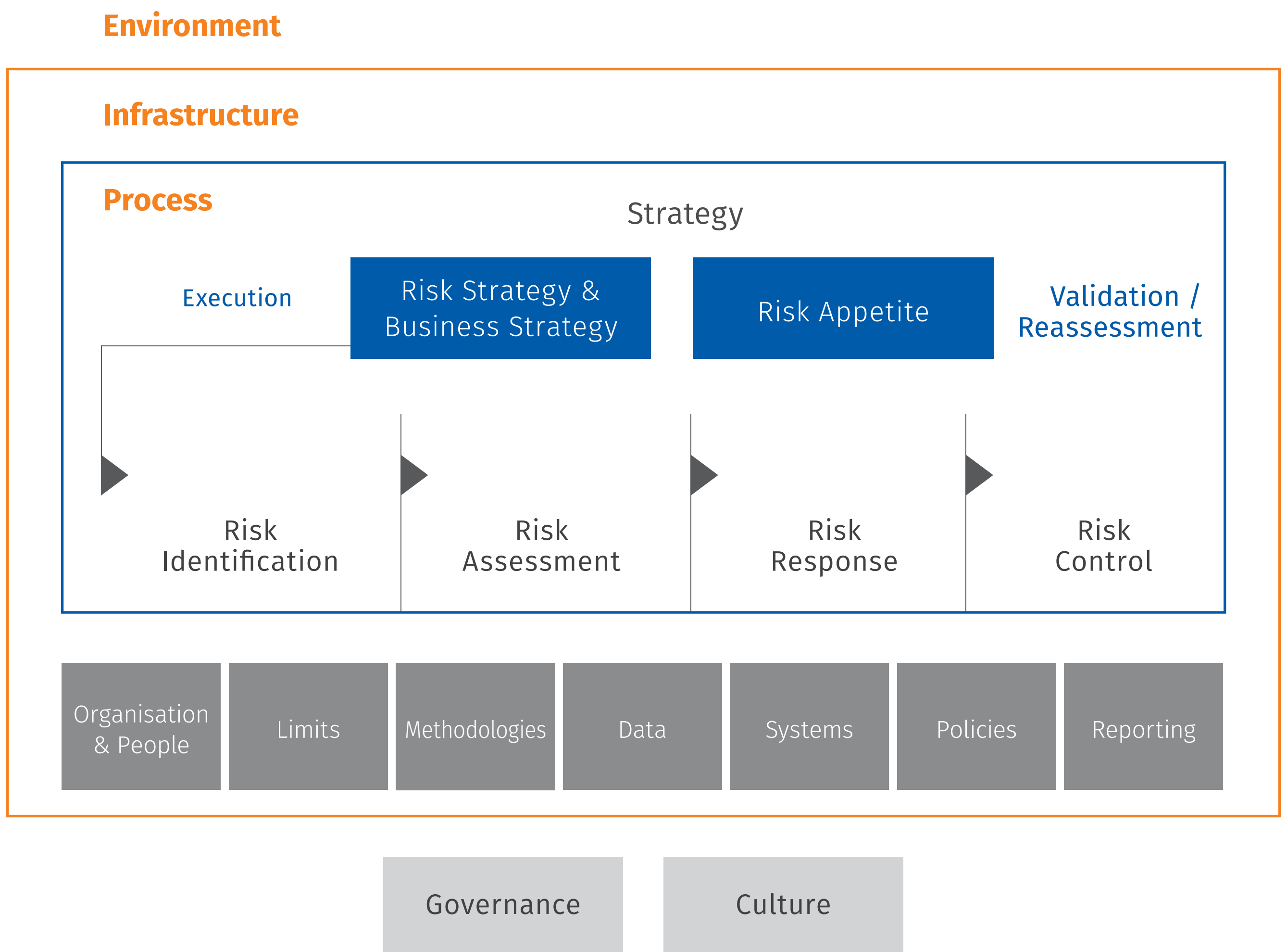
Enterprise Risk Management (ERM)

ERM remains a key pillar for the Bank. Its objective is to foster an integrated and forward-looking risk approach, dynamic risk culture, robust and adaptable technology platform aligned with the business and risk strategy and Identifying, Measuring, Managing, Monitoring, & Reporting (IMMMR) framework to support both financial and non-financial risks. The Bank is focused on non-financial risks such as conduct, vendor, reputational, cyber, information security and IT risks. CIB's enterprise risk monitoring and reporting are critical components that support senior management and the Board of Directors (BoD) to effectively perform their risk management and oversight responsibilities. Risk Group has strong partnerships with key stakeholders throughout the organisation.

Risk Management Framework



CIB's ERM Framework Components



CIB is the first and only financial institution in Egypt to join the UNEP FI.

Governance
CIB's risk governance structure utilises the lines-of-defence model, with a robust committee structure and a comprehensive set of policies and operating guidelines that are approved by the BoD. 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 the identification, assessment and reporting of all types of risks across all business lines.

Lines of Defence Model
To ensure the effectiveness of an organisation's risk management framework, the BoD and senior management rely on adequate lines of defence functions, including monitoring and assurance within the organisation.

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.
- Mitigate Social and Environmental risks that may disrupt business performance.

Risk Appetite
CIB aligns business objectives with risk appetite and risk tolerance, quantifying this using 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 the Bank is prepared to accept to accomplish its business objectives and is annually reviewed and approved by the BoD. 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

Limits & 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 market dynamics. CIB policies and procedures are communicated throughout the organisation and are used to control the Bank's risk level and tolerance.

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

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 organisation. 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 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 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.

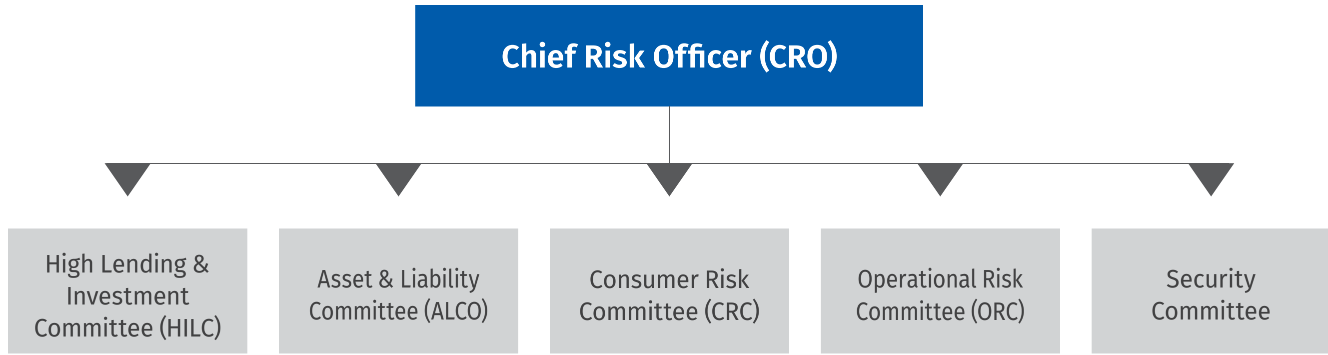
Stress testing is critical in:
- Identifying a unified technique for managing risk Bank wide.
- Providing a forward-looking assessment of risks.
- Addressing limitations in the historical forms and data.
- Facilitating the future planning for capital and liquidity.
- Developing applied risk mitigation techniques/contingency plans in distressed conditions.

CIB's Current Risk Framework

Stress Testing | ICAAP

Risks	Measurements	Governance	Policies
Wholesale Credit Risk	• Sensitivity Model/ Default Ratio/Coverage Ratio and Provisioning Monitoring	• Institutional Banking Credit Committee • High Lending and Investments Committee	• Credit Policy
Consumer Credit Risk	• Loss Rates & Provisioning Monitoring • Leading, Coincidental, & Lagged Indicators • Behavioral, Segmentation, Vintage & Past Dues Data Analysis	• Consumer Risk Committee	• Consumer Credit Policy
Business Banking Credit Risk		• Business Banking Risk Committee	• Treasury Policy
Liquidity Risk	• Liquidity Gaps • Net Stable Funding • Liquidity Coverage Ratio	• Assets & Liability Committee	• Treasury Policy
Interest Rate Risk	• Economic Value of Banking Book • Earnings at Risk • Interest Rate Gaps		
Market Risk	• Value at Risk		
Operational Risk & Conduct Risk	• Loss Data Base • Risk and Control Self-Assessment • Key Risk Indicators • Heat Map	• Operational Risk Committee	• Operational Risk Policy • Conduct Risk Policy
Security Risk	• On-going Risk Assessment • Risk and Control Self-Assessment • Key Risk Indicators • Heat Map	• Security Committee	• Security Governance Policy
Investment Risk	• IRR • DCF Model • Market Multiples	• High Lending and Investments Committee	• Direct Investment Policy
Social & Environmental Credit Risk	• Portfolio Concentration in High Social & Environmental Risk Firms (Category A) • Percent of Loans in S&Es Exclusions List Sectors • Breaches of Social &Environmental Covenants	• Institutional Banking Credit Committees	• Social & Environmental Credit Risk Policy

Chief Risk Officer Chart



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 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 asset 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 optimising 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 matters 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 BoD.
- *The Security Committee's* main objective is to provide guidance and advice to help maintain and improve all matters related to security, including information confidentiality, integrity and availability, as well as physical security, Bank asset protection and workplace security.
- *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.

Risk Organisation

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)

In the current volatile market, CIB has successfully managed to maintain healthy growth momentum without compromising the credit portfolio's quality. Maintaining positive momentum is the primary objective of the Credit & Investment Exposure Management Department (CIEM).

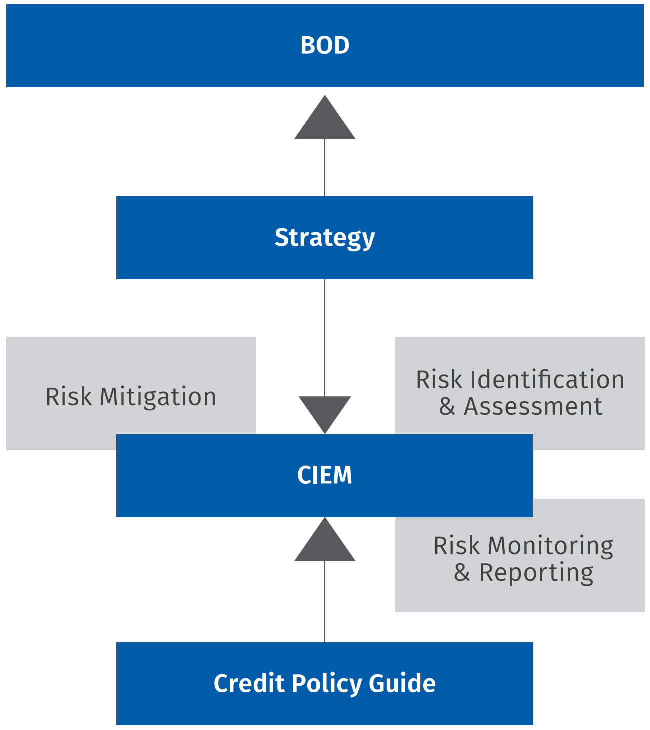
This risk-adjusted growth is a result of the consistent commitment to the credit risk process that outlines the comprehensive set of policies and operating guidelines adopted by Bank staff and under the supervision of the BoD and the Board Risk Committee. Credit Exposure Management (CEM) is responsible for the credit quality of the Bank's portfolio and Investment Exposure Management (IEM) is responsible for safeguarding CIB's interest in its equity investments and securitised bonds. The Credit & Investment Risk Process comprises of three Primary Elements, namely:

- Risk identification and assessment
- Risk mitigation
- Risk monitoring and reporting

EGP 10.02 bn

net interest income in 2016, a rise of 23.44% y-o-y

CICM Chart



Risk Identification and Assessment

CIEM's primary objective is to evaluate Institutional Banking's (IB) 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. The following are the tools used in risk identification and assessment:

- ***Internal Credit Rating Assessment Model:*** CIEM was able to design an assessment model to evaluate corporate portfolio customers' risk ratings through several phases, starting with gathering all regulatory guidelines, consolidating historical information and translating all aspects into qualitative and quantitative measures. In 2016, CIEM was able to convert the Credit Risk Rating Assessment Model (CRAM) into a reliable tool with a well-designed workflow.
- ***Credit Risk Analysis:*** Credit approval memorandum risk analysis is the core function of CIEM. Historical performance and trends are analysed and stress tested using prevailing market and industry conditions. Following the review stage, potential risks are identified and scaled against the probability of occurrence and impact severity. The risk review is then calibrated with the output of CRAM and stress tested to create a holistic view for client creditworthiness and internal risk rating. This holistic view provides the insights needed in the next element of the Credit Risk Process.

Risk Mitigation

Based on the comprehensive analysis, risk mitigation measures are taken to align with the Bank's risk appetite. Accepted low-level risks are monitored on a regular basis to account for any changes in risk evaluation. Medium and critical risks are either reduced through collaterals, supports, guarantees and covenants, or transferred to insurance companies.

In terms of additional governance, there are seven Credit Committees, each consisting of members from IB and CEM. Appropriate risk mitigation is assigned to assure maintaining a solid credit portfolio, following regulatory guidelines with precise monitoring triggers.

Risk Monitoring & Reporting

In CIB, we understand the interdependence of all economic activities. Therefore, credit analysts cover macroeconomic, environmental, political, social and technological research for all industries on a daily basis. This information acts as an alert for any unexpected risks, be they intrinsic, industry, concentration, FX or counterparty default.

CIEM is responsible for collecting monthly information to assess the Bank's compliance status and ensure adhering to CBE limits. It also follows up on past due exposure or problematic accounts, with corrective actions taken if needed to meet our goal of maintaining a quality portfolio.

To maintain a quality portfolio, CIEM is continuously monitoring IB credit exposure and reporting to Senior Management. The BoD, directly or in conjunction with the Board Committees, oversees key performance and risk indicators. The reports delivered on a quarterly basis to the BoD include, but are not limited to: Portfolio Quality Summary, concentration levels, government exposure levels, past dues, coverage ratios, Key Risk Indicators, etc.

The impact of turbulent and stressed market conditions (i.e. macro and industry specific conditions) took a negative toll on the portfolio quality, with the CIB Default Ratio recording 6.7% as of December 2016, which would read 5.7% if the effect of the devaluation were to be excluded, with an adequate coverage of 149.11%.

On another note, the exposure of Watch List accounts was inflated to EGP 6,238 million in 2016, which would read EGP 3,245 million if the effect of devaluation is excluded, compared to EGP 2,680 million in 2015, mainly as a reflection of the witnessed devaluation during said period as 70% of said exposure is related to the Tourism Industry and is mainly in FCY. Said exposure is not alarming as the CBE initiative to support the tourism sector allows banks to restructure and reschedule loans to said industry without being downgraded to non-performing loans. The same effect was witnessed on restructured loans reaching EGP 7,771 million in 2016, up from EGP 3,127 million in 2015, as tourism and non-performing loans represent 49% and 28% of said amount respectively.

Credit Policy Guide (CPG)

CIEM is responsible for reviewing and updating the Bank's Credit Policy Guide (CPG). The CPG regulates credit, industry, country and counter-party limits, in addition to regulating the risk appetite, tolerance and approval authorities. In 2016, CIEM finalised the Credit Processes & Procedures Guide that includes comprehensive corporate credit lending best practices and expertise that shaped the Bank's success story and further elaborated on different parties' roles and responsibilities.

Moving Forward

The BoD endorsed new functions to cope with the dynamic changes in the market environment over the year. Accordingly, CIEM has taken proactive steps by establishing two new teams:

Financial Institution (FI) & Country Risk Team

The FI & Country Risk Team has been formed to actively collaborate with international players and develop a broad network of correspondent relationships with a fast, yet prudent approval process. The team's main objective is to meticulously manage country risks, confidently assess financial services in different jurisdictions, provide cross-border services and support international trade.

The team's main functions are to:

- Manage country risks along with top down approach by analysing the country's economic and industry risks, the credit risk of economic participants, the quality and effectiveness of country regulations and the competitive environment.
- Standardise process and analysis framework using up to date market data to enable immediate responses and to develop early warning signals
- Prepare in depth reports covering key updates regarding the countries/ banks under review.

Social & Environmental Credit Risk Management

CIB believes in the importance of protecting natural resources and society as a key facet of any sustained business success. In light of this, CIEM formalised a Social & Environmental Credit Risk Management Department, which focuses on procedures to guarantee the sustainable growth of CIB clients' businesses while minimising adverse projects' impact on the community and the environment. A framework comprising of a set of actions and measures has been implemented concurrently with the Bank's existing prudent risk management procedures. The Social & Environmental Credit Risk Policy Guide integrates social and environmental credit risks into the Bank's evaluation process.

Green Financial Solution

The Social & Environmental Credit Risk Department monitors market opportunities in renewable energy and energy efficiency solutions, providing our clients with the necessary means to finance their transformation from a business-as-usual model to a more sustainable one. Energy efficiency solution courses were conducted internally to raise staff awareness while providing them with the tools needed to identify opportunities.

United Nations Environment Programme (UNEP) – Finance Initiative as an International Platform

The UNEP – Finance Initiative (FI) partnered with CIB to promote sustainable finance. Along with over 200 financial institutions, the Bank will work with UNEP FI to understand today's environmental challenges and how to actively address them.

34.24%

ROAE for the year after profit appropriation

CIB is the first financial institution in Egypt to sign the UNEP FI Statement of Commitment on Sustainable Development. The Bank will join forces with the UNEP FI to stimulate a country-level policy dialogue between finance institutions, supervisors, regulators and policy makers to promote the Egyptian financial sector's involvement in processes such as global climate negotiations and integration of environmental and social considerations into all aspects of financing operations.

Furthermore, CIB took part in the UNEP FI Global Roundtable, which is widely recognised as one of the most prominent global platforms on sustainable finance. In the 14th edition of the Global Roundtable in Dubai, hundreds of leaders from all parts of the financial system, civil society, academia, governments and the United Nations gathered to discuss Financial Institutions future plans based on the Sustainable Development Goals (SDGs) and the Paris Climate Agreement. CIB enjoyed an exceptional representation in the opening Plenary, CEO's Luncheon, energy, water and food session, in addition to the participation in the banking commission.

Credit & Investment Administration / Credit Information

The Credit & Investment Administration function ensures administrative control over institutional and investment exposures as well as compliance with both credit and investment policy guidelines and CBE directives.

The department is the backbone of the Investment Banking (IB) division as it maintains a quality control system that ensures CIB's seniority, protection and control. The function has enhanced efficiency in meeting customer requests to disburse funds in a timely manner. It is the main focal point in compiling qualitative information and regulatory reporting on credit customers. Controls and compliance have been enhanced through the data integrity and risk management platform strategy.

Consumer and Business Banking Risk

Consumer and Business Banking Risk is a centralised, independent group under the Risk Group, monitoring risk for all Consumer and Business Banking asset products and applying a diversified set of strategies and mitigation tools.

The framework in which the Consumer and Business Banking Risk group operates is subject to constant evaluation to ensure it meets the challenges and requirements of the Egyptian market, regulatory standards and industry best practices.

The group structure is designed to facilitate the Credit Cycle and support the growth of the Consumer and Business Banking portfolio.

Consumer Banking Risk

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 aligned with current risk appetite.

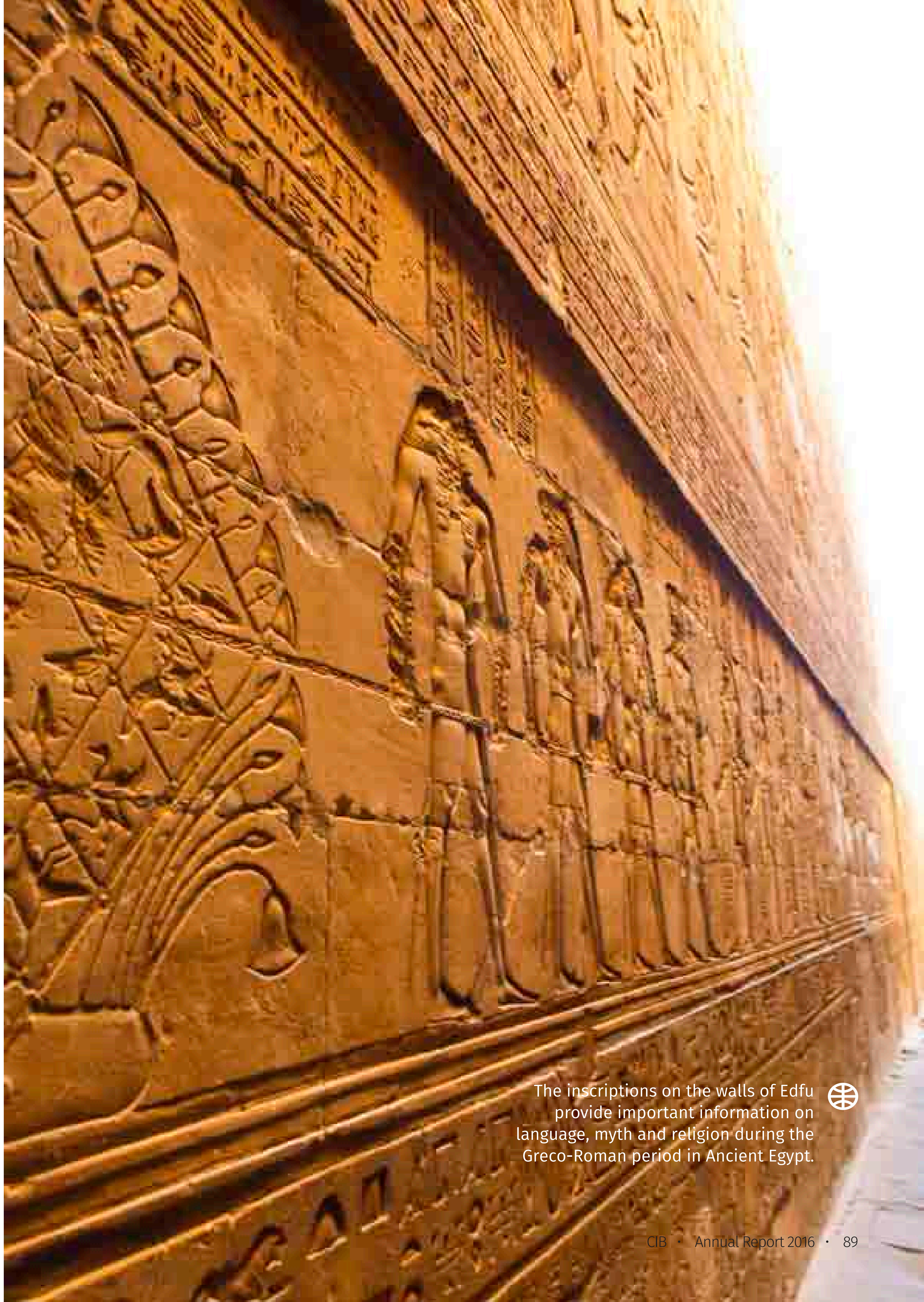
The Consumer Credit Policy Guide (CCPG) sets lending boundaries and establishes robust limits to oversee ongoing policy management. It provides guidelines on ensuring prudent risk management and maintaining high-quality loan portfolios, while keeping in mind the risk and reward equation. It also regulates 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 specialised functional department:

- The Credit Policy Department, which undertakes product planning.
- The Credit Assessment Department, which handles centralised credit underwriting.
- The Collections and Recoveries Department, which handles delinquent customers.
- The Strategic Analytics Department, which provides support for management in all stages, including information and analytics for decision making and credit actions.
- Account maintenance activities.

Business Banking Risk

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 and dynamic parameter changes to keep abreast of the market and close monitoring and man-



The inscriptions on the walls of Edfu provide important information on language, myth and religion during the Greco-Roman period in Ancient Egypt.

21.4%
efficiency ratio as of year-end 2016

> **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.**

aging 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 standardised criteria, in addition to support packages and documentation that allow for a standardised 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 2016 Consumer and Business Banking Asset Portfolio stands at EGP 17.4 billion with the loss rate kept at minimal levels of 1.1%.

Despite the aggressive growth of the unsecured lending strategy adopted by the Bank, challenging economic circumstances and rising inflation, key risk indicators and loss rates were maintained within risk appetite benchmarks, with non-performing loans standing at 1.5%.

Our Strategy Going Forward

Consumer Banking Risk

- ***Making the Consumer Risk Processes the best in terms of market customer experience:*** A transformation project was initiated to automate the credit decisioning process further.
- ***Revamp Credit Policies & Processes:*** The division will work closely with Business Banking to realign and revamp all policies and processes to realise a segment-focus approach instead of a product-focused one, in line with the new Consumer and Business Banking strategy.
- ***Moving to the next level of advanced bespoke score-cards:*** CIB has partnered with a vendor with a successful track record when it comes to implementing transformative solutions and cutting-edge technology for automation of decision rules, application and behavioural scoring models.

Business Banking Risk

- Focus on unsecured product programs with simplified criteria and lending support to business growth.
- Support the Business Team in expanding into further markets and untapped segments within the small- and very-small-size enterprise market.

Risk Management Department

The Risk Management Department identifies, measures, monitors and controls asset and liability management as well as market, operational and other non-financial risks via Bank policies, ensuring regulatory and risk analytics requirements are adequately managed and their status regularly reported to management and members of the BoD.

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 and following best practices, which was endorsed by the BoD via the ERM roadmap. The initial foundation for the ERM roadmap is strong data governance and continuous enhancement of quantitative and qualitative frameworks of Principal Risks.

CIB established a dedicated department within the Risk Group to lead and implement the ERM roadmap through the following:

- Ensure CIB is in line with international best practices in modelling techniques.
- Continuous enhancement in quantifying qualitative risks along with improving statistical techniques used to capture quantitative risks.
- Align corporate, retail and business banking risk perspectives in modelling techniques.

The ICAAP Report is a summary of the Bank's risk management framework, starting from describing current methodologies and processes all the way to enhancements and the optimisation of risk processes and capital planning. The objective of ICAAP is to ensure the Bank understands its risk profile and has systems in place to assess, quantify and monitor all material risks. CIB maintains the following:

- The assessment process of capital for credit, market and operational risks.
- Ample capital for covering other types of risks not covered under regulatory capital, such as interest rate risk, concentration risk, counterparty credit risk and liquidity risk.
- Continuous risk management enhancements in line with local and international best practices.
- BoD and management oversight of the risk management framework aligned with the regulatory requirements and approving necessary corrective actions in case of deviations.

In 2016, the Bank enhanced focus on the following Non-Financial Risks:

- ***Cyber Risk:*** Protection against potential threats have been implemented and considered as a top strategic priority.
- ***Information Security Risk:*** The framework is in progress and aims to set policy guidelines and controls for managing and handling information within the organisation.
- ***IT Risks:*** Dedicated action plans are being monitored and implemented for IT risks based on best practices.
- ***Vendor Risk:*** A dedicated framework has been put in place to ensure all vendors are evaluated, monitored and assessed to meet the criteria of qualified suppliers.
- ***Reputational Risk:*** Added a dedicated Reputation Risk Department in 2016 to build a robust framework.
- ***Conduct Risk:*** CIB was the first Egyptian bank to establish a Conduct Risk framework, in compliance with the Financial Conduct Authority (FCA), UK. The framework includes: Training and Awareness, Product Risk Assessment and Conduct Risk RCSA and Heat Map.
- ***Social & Environmental Credit Risks:*** A devoted department was established and policy was approved to assess and mitigate material Social & Environmental Credit 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 2016 compared to the guidelines of both the CBE and Basel III (Liquidity Coverage and Net Stable Funding ratios). The CBE's liquidity ratios for LCY was 60.77% and FCY 47.80% 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. 2016 witnessed an exceptional percentage of customer deposits to total funding base (a major component of CIB's Risk Appetite Statement) of 98.6%. 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).

2016	Q1	Q2	Q3	Q4
Percentage of Deposit Base to Total Funding Base	99.6%	99.2%	99.7%	98.6%

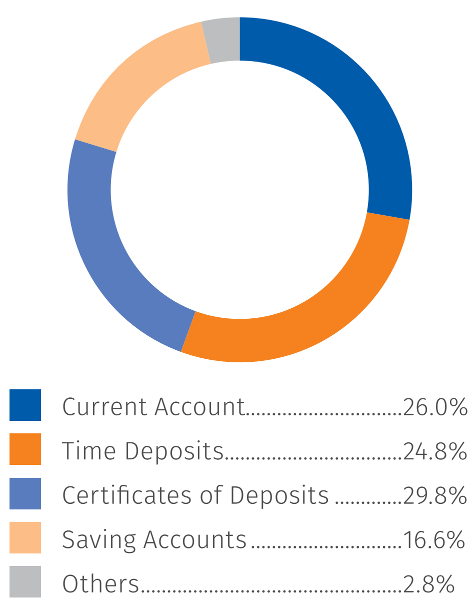
Interest Rate Risk is the potential loss resulting from the Bank's exposure to adverse movements in interest rates. Interest rate risk primarily arises from re-pricing maturity structures. In 2015, CIB used an effective risk management process that maintained interest rate risk within prudent levels 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.

Deposit Base Concentration

December 2016



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 2016

95% 1-day	Minimum	Maximum	Average
Trading Book VaR	11.3	335.9	51.7

95% 1-day	Q1	Q2	Q3	Q4
Trading Book VaR	30.9	27.9	14	116.4

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 loss that could result from inadequate or failed internal processes, people or systems or due to external events. CIB maintains a comprehensive operational risk framework, with policies and processes designed to provide a controlled environment and to monitor the first line of defence in identifying and assessing operational risks and controls.

EGP **267.5** bn

in total assets

We monitor corrective action plan implementations to mitigate risks in systems, human factors, policies, internal processes and external events using CBE guidelines and best practices. The framework uses the following approaches to measure and control operational risk:

- Operational Loss Events
- Risk and Control Self-Assessment (RCSA)
- Key Risk Indicators (KRIs)
- Control Testing
- Issues and Action Plans
- Operational Risk Awareness Program
- Operational Risk Champions Program
- Stress Testing

2016 Accomplishments

- CIB Risk Group won three awards in Achievement in Liquidity Risk, Operational Risk and Best Retail Risk Management Initiative for Middle East & Africa from Asian Banker Singapore.
- CIB has been short listed as a finalist for the ERM Strategy of the Year by CIR Magazine in the UK for the Annual Risk Management Awards. Over the last two years, the group has won four risk awards in four different categories (ERM, Retail Risk, Liquidity Risk and Operational Risk), which validates the strength of our ERM initiative and overall Risk Group framework.
- CIEM was able to inaugurate the Credit Rating Assessment Model (CRAM).
- CIEM formed the Financial Institution (FI) & Country Risk and Social and Environmental Credit Risks teams.
- CIB was the first and only bank in Egypt to join the United Nations Environmental Program Finance Initiative (UNEP FI).
- Risk Culture was enhanced by covering almost 50% of the organization via training courses and awareness sessions. In addition, the Bank achieved a 96% passing and participation rates for the online organization awareness for Operational and Conduct Risks.
- Supported the growth of high-return portfolios driven by significant high-yield parameter changes and new programs launched to support unsecured business growth while maintaining rigorous controls on portfolio quality.
- Optimised our operating model to achieve more efficiency through process reengineering and underwriting automation initiatives resulting in significant improvements in asset products' turnaround times, maintaining enhanced approval rates while achieving significant headcount optimisation.
- Supported the successful migration of Citibank portfolios through facilitating the smooth integration of Citibank's portfolio and personnel into CIB's culture by providing training sessions and orientations for systems, policies and processes, as well as ensuring all key acquisition risks were effectively managed.
- Reinforced our Collections structure in line with industry best practices; a Collection Strategy Unit was created to optimise collection capabilities and instilling best practice activities such as collection contests, champion challenger approach and developing different strategies for every bank segment.
- Strengthened the stress-testing model to account for shifts in risk factors as well as including regression analysis between KRIs, Probability of Default (PD), and Macroeconomic Indicators. Results are integrated into risk management decision-making processes for risk limits and appetite.

COMPLIANCE

Marsa Alam's Port Ghalib is the only South Red Sea marina from which safari boats can make direct trips to some of the world's most famous marine sites like Daedalus Reef and Brothers Island.

The Compliance Group is an independent unit that continues to support CIB's business and operations to enable the Bank to pursue its growth strategies. The group works to ensure CIB adheres to compliance standards to safeguard the Bank against a full spectrum of compliance risk, while reducing the risk of imposed fines by the regulator.

The Compliance Group has five divisions under its umbrella:

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 they are up to date. The division is also responsible for reviewing and approving marketing materials, contracts and customer forms.

The Corporate Governance and Code of Conduct Division ensures that a sound corporate governance model is in place and that the Bank adopts international best practices in compliance standards. The division also ensures the appropriate segregation of duties for all positions across the Bank by reviewing updated job descriptions versus organisation charts to detect and escalate cases of conflict of interest.

The Anti-Money Laundering and Terrorism Financing (AML) Division monitors transactions and customer account activity and screens transactions against negative lists and those related to sanctioned countries to avoid the Bank's involvement and shield it against money laundering and terrorism-financing crimes.

The Foreign Account Tax Compliance Act (FATCA) Division ensures the Bank and its subsidiaries are consistently in compliance with FATCA regulations and reports yearly to the US Internal Revenue Service (IRS).

The CBE Relations Division serves the entire Bank to ensure all banking operations comply with CBE instructions and guidelines.

2016 Accomplishments

In 2016, the Policies and Procedures Division undertook several new preventative initiatives, such as reviewing the supporting documentation of new products and ensuring the required approvals have been obtained to guarantee its compliance with established policies, laws and regulations.

The AML Division managed in 2016 the logistics involved in converting to a fully automated monitoring system using SAS software, the industry's leading analytics software and solutions provider. The first phase of the program will be launched in 1Q2017 and the second phase in 2Q2017.

The AML Division also succeeded in quickly and efficiently migrating Citibank's retail portfolio, which was acquired by CIB in 2015, in accordance with CIB's AML policies and procedures. It also updated in 2016 the risk assessment to evaluate the exposure to operational risk in AML.

In keeping with the AML Division's ethos of consistently enhancing performance and applying the highest international standards and best practices, the AML team attended several international and local seminars and conferences to keep up to date on AML trends locally and globally. In doing so, three AML officers became internationally certified by the ACAMS in 2016, with more expected to be certified in 2017, making the team one of the highest qualified in the country.

The FATCA Division successfully outlined the accounts acquired in the Citibank transaction. It also sent the yearly reports to the IRS as a Foreign Financial Institution and as a sponsoring entity for CIB Funds.

To more effectively keep up with the regulator's directives, in 2016 a CBE Relations representative joined the FX Committee to ensure the Bank abides by FX allocation regulations. Due to market conditions and ongoing changes during the year, the division had to respond to a substantial volume of daily inquiries and follow special CBE approvals for exceptional cases.

In another milestone for the Compliance Department in 2016, the Chief Compliance Officer was a member of a committee formed by the Egyptian Financial Supervisory Authority to develop the "Corporate Governance Guide for Egyptian Companies," receiving a certificate of appreciation for efforts exerted in launching the guide.

Goals Going Forward

Going forward, the Compliance Group plans to continue to improve the efficiency of processes and turnaround time, support CIB through the Group's five divisions and enhance staff awareness of key compliance issues to even better safeguard the Bank against potential risk. The department also plans to ensure adequate controls are in place while maintaining a smooth workflow to boost customer satisfaction.

> **The AML Division quickly and efficiently migrated Citibank's retail portfolio, which was acquired by CIB in 2015, in accordance with CIB's AML policies and procedures.**

INTERNAL AUDIT

Being the first Internal Audit Group in Egypt complying with international standards (IIA Professional Practice Framework), CIB Internal Audit Group is continuously striving to keep itself ahead and delivering audit services according to international standards.

CIB Internal Audit Group is backed by a prudent Audit Committee of the Board of Directors, which ensures the independency of the IAG as the Third Line of Defence, reviewing activities of the first two lines of defence based on the risk-based audit plan and the methodology approved by the Audit Committee.

The role of Internal Audit Group is to provide independent assurance to the Audit Committee, Senior Management and the regulators of the efficiency and effectiveness of governance, risk management and internal controls to mitigate exposure to risks and recommend enhancements if necessary on an on-going basis.

Internal Audit Group provides reasonable assurance of the implementation of the Enterprise Risk Management (ERM) and assures that the three lines of defence are in complete alignment with the objectives and strategy of the bank, and that the group is in full synergy with the Compliance Department and Risk Management Department, without breaching its independence.

Internal Audit Staff are very well chosen with diversified experience covering all the banking functions. Some 45% of the staff is certified (CIA, CBA, CPA, CISA, and MBA). They are continuously provided with on-the-job training and attend overseas conferences like annual IIA conferences. Senior staff freely shares their expertise with junior staff, who also have consistent access to middle management that expose them to the latest trends and methodologies worldwide.

The Internal Audit Group works as a true business partner, which is reflected in the findings of an independent survey conducted by an outsourced Human Resources consultant company, indicating that 70% of the bank staff believe "Internal Audit helps improve the process and is a true business partner."

The structure of the Internal Audit Group allows the Chief Audit Executive to maintain quality assurance and to develop intensive programs to cover all aspects of internal audit activity. These tasks are implemented by professional auditing teams that are assigned follow-up functions. The Chief Audit also set up a separate Quality Assurance Team reporting directly to him.

The Citadel at Pharaoh's Island, a UNESCO World Heritage Site in the Gulf of Aqaba, was built in 1170 by crusaders. The island is surrounded by coral reefs and an underwater mountain that plunges 24 meters to a huge table of corals.

BRAND & CORPORATE COMMUNICATIONS

With the ongoing, evolving economic changes locally and internationally, the Brand & Corporate Communications Department continued to maintain the Bank's leading brand image by further solidifying and expanding brand equity, loyalty, positioning and exposure.

The Brand & Corporate Communications had several accomplishments in 2016. The most important was coming out with the original movie production "CIB: 40 Years of Excellence", which featured the history of our four decades of successes and achievements that brought CIB to the leading position in which we stand today. The movie was promoted across print and online media as well as through social media.

2016 also saw the release of "150 Years of Egyptian Post", which celebrates Egyptian heritage – an integral part of our identity. Another significant release of CIB Books was the "Scents of Egypt", which offers a collection of photographs by renowned artists spanning every geographic pocket of our country that depicts the essence of our history and culture and celebrates equally Egypt's splendid past and vibrant present. This was in addition to the production of the IR movie and CIB Foundation's annual activity report that consisted of its annual movie and 10 documentaries.

Further boosting CIB's expansive brand exposure, the Bank maintained its focal, exclusive branding position across Cairo International Airport, being the first and only bank with branding inside and outside airport tubes. This strategic brand positioning also covers the airports of Burg Al-Arab, Hurghada and Sharm El-Sheikh.

On the international front, CIB maintained its significant exposure across different foreign media channels, by promoting pivotal campaigns and CIB editorials across the world's prominent publications, in addition to securing the premium placements of digital banners in renowned, high-traffic online media platforms. Some of the leading media platforms that featured CIB included, but were not limited to, the Wall Street Journal, The Financial Times, The Economist, Forbes Middle East, Asia Money, EMEA Finance, Bloomberg, Euromoney and Emerging Markets. Our international campaigns were not solely focused on promoting our brand image, but supporting Egypt's by communicating ongoing, healthy economic reforms and hence contributing to the creation of a favourable perception about the country's investment environment and its lucrative opportunities.

Locally, CIB capitalised on its strong presence across Egyptian media platforms and diversified the channels of brand exposure through advertisements, special editorials and interviews with various highly regarded publications and websites including Bloomberg Middle East, MSNBC and Al-Arabiya.

In the digital arena, Brand & Corporate Communications forged ahead with the Bank's firm strategy to maintain the sustainable development of its e-channels to keep up with the fast-growing digital world. The most important of these was the CIB website, which saw several enhancements and features added, turning it into a mobile friendly portal with an intuitive and responsive design that adapts to all tablets/smart phones to further enhance the user experience.

Investing on the internal communications channels is of equal importance to brand equity. The corporate intranet and monthly newsletter have been the main channels used by the department to bring all CIBians on the same page throughout the year.

Cementing CIB's leadership through diverse channels has always been a core goal for the Brand & Corporate Communications division. This has translated into various highly selective sponsorships and activities that not only sustain the Bank's firm commitment toward society in general, but cements the Bank's support of Egyptian youth in specific.

This year, the Bank further diversified its sponsorships and sealed new ones:

- Sawy Culture Wheel
- KidZania
- Zawya, an art-house cinema in Downtown Cairo
- Money & Finance Conference
- ICT
- Friends of Opera
- Third Annual Energy Conference
- Egyptian Squash Federation
- Upper Egypt Youth Salon
- Cairo Symposium
- American Chamber of Commerce in Egypt (AmCham)
- Folklore Night by the Embassy of Australia
- IMAX, Americana Plaza and Point 90 cinema complex

500
of Egypt's largest corporates choose to bank with CIB

Focusing on CSR activities rooted in CIB's corporate identity, many outstanding initiatives took place in 2016, among which was the distribution of 20,000 Ramadan Food Boxes in 10 governorates in cooperation with the CIB Foundation. Another activity was held at the 57357 Children's Cancer Hospital before the beginning of Ramadan, which saw our team decorate the hospital to bring joy to young patients and their families celebrating the Holy Month.

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 on both the regional and international levels. In 2016, the Bank received a total of 20 international awards, seven of which were received for the first time, including:

- ***Best Bank in Egypt Supporting Women-Owned and Women-Run Businesses awarded by the American Chamber of Commerce in Egypt (AmCham):*** This AmCham award is given to organizations that dedicate special attention to women in their community by supporting them through a bouquet of services and products tailored specifically for women. It reflects CIB's distinctive commitment to supporting women, financing their business and endeavours and offering them many banking services and products, including, but not limited to, providing credit facilities to finance projects and offering the exclusive Heya credit card with tailored benefits.
- ***Best Private Bank in Egypt 2017 awarded by Global Finance:*** Based on an in-depth analysis conducted by Global Finance, this award is granted to organizations that have the deepest experience, best value and highest level of customer service within the private banking sector. CIB was certainly deserving of the award seeing as it succeeded over the year to maintain its outstanding performance and record of accomplishments, which have cemented the leading position it occupies today.
- ***Middle East Most Effective Recovery awarded by The Business Continuity Institute:*** This award is one of the most prestigious of the Business Continuity Management Regional Excellence Awards, which recognize organizations that achieve a certain level of excellence in the fields of continuity management, technology recovery and crisis management. Received for the first time, this award emphasises the positioning of CIB as a market leader for implementing BCM best practices and positions it as the only Egyptian private bank competing against regional organizations and industry professionals in the business continuity industry.
- ***Best Retail Risk Management Initiative in the Middle East, Best Employee Engagement Initiative in the Middle East and Achievement in Operational and Liquidity Risk Management Awards for 2016 by The Asian Banker:*** CIB received these four awards in recognition of its firm, effective management frameworks that supported the Bank in navigating through the economic volatility and maintaining its leading position as the most profitable private sector bank in Egypt. This is in addition to the Bank's dynamic strategies that have successfully mitigated potential risks, such as those related to cyber crime and forged cheques.

The list of 2016 awards also includes:

- Best Trade Finance Provider in Egypt - Global Finance
- Best Treasury and Cash Management Providers in Egypt - Global Finance
- Best Foreign Exchange Providers in Egypt - Global Finance
- Best Sub-custodian Bank in Egypt - Global Finance
- Best Bank in Egypt - Excellence Award - Euromoney
- Most Active Issuing Bank in Egypt in 2015 - The European Bank for Reconstruction and Development
- Best Cash Management Services in North Africa - EMEA Finance
- Best FX Services in North Africa - EMEA Finance
- Best Bank in Egypt - EMEA Finance
- Bank of the Year in Egypt - The Banker
- MT 202 ELITE Quality Recognition Award with STP rate of 99.70% - by JP Morgan
- MT 103 Quality Recognition Award with STP rate of 98.22% - by JP Morgan

STRATEGIC SUBSIDIARIES

CIB owns two strategic subsidiaries that allow the Bank to offer a full suite of services from investment banking and asset management to security services.

The ancient region of Deshret Reithu near Saint Catherine's Monestary provided Ancient Egypt with turquoise, gold and copper. Ruins of mines and temples can still be found there.

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 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 executed c. EGP 106 billion in transactions since inception, with more than EGP 72 billion executed since the beginning of 2013. The company advises on mergers and acquisitions, private and public equity and debt capital raising and financial restructures.

The Securities Brokerage arm is a market-leading brokerage house in Egypt, ranked number one on the Egyptian Exchange, with a market share of 9.65% of total trading as of year-end 2016. The firm's share among institutional investors is even higher at 19.9%. 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 a top quartile asset manager in all 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 high-net-worth individuals and institutional investors. Clients are provided with comprehensive, personalised 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.

During 2016, CI Capital acquired a controlling stake in Corplease, one of the leading financial leasing companies in Egypt.

CI Capital was recognised as the "Best Investment Bank in Egypt" by Global Finance in 2014 and 2015, by EMEA Finance in 2013, 2014, 2015 and 2016 and by International Finance Magazine in 2014.

2016 Review

Securities Brokerage

- CI Capital's brokerage arm staffs more than 119 employees, with an average of 11 years of experience in MENA capital markets. To better compartmentalise 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 institutions and high-net-worth Individuals across Egypt and the GCC.
- The synergies of 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 9.8% (excluding one-off transactions) puts the company in first place among competition. CIBC remains the largest institutional broker with a 23.6% market share, including a 27.5% foreign market share compared to 17.6% in 2012.
- CI Capital Research is Egypt's leading research house, most recently being ranked fifth (up from sixth) among regional firms in EMEA Extel's 2016 Institutional Investor vote and second among local firms covering the MENA region. Out of a team of 13, five analysts covering macro, telecoms, industrials, chemicals, consumer and construction are ranked among the top 25 in the region, according to EMEA Extel 2016. The division has active coverage of 30 Egyptian companies across six sectors, in addition to 41 regional companies across seven MENA markets: the UAE, Saudi Arabia, Qatar, Oman, Kuwait, Jordan and Morocco.
- The firm successfully received approval from the UAE Securities and Commodities Authority during 1H2015 and is currently in the final stages of establishing on-the-ground presence in Dubai to branch out its regional platform and grow its GCC client base further. CIBC's potential presence in the UAE not only provides direct market access to the company's clients but will also diversify revenue generation from other GCC markets, complimented by a strong and growing MENA research product.
- CI Capital also hosted the 3rd Annual Egypt Equities Conference in Cape Town in August 2016, 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 4th Annual Egypt Investor Conference in January 2016, spanning Cairo and New York. The conference hosted 38 of Egypt's publicly listed companies meeting one on one with close to 100 foreign, local and GCC investment institutions and high-net-worth individuals managing c. USD 5 trillion in GEM and frontier equities.

Asset Management

- The division is recognised as one of the first and best institutionalised asset managers with a strong management team backed by the fastest growing, full-fledged Investment Bank.
- We are a pioneer in introducing innovative products to the Egyptian market with AUMs in excess of EGP 8.0 billion and the widest mandate range in the Egyptian market.
- Our outstanding, sustainable performance in all different asset classes under management in the Egyptian market have pushed us to outperform both the respective benchmarks and the average returns of market peers. Our accomplishments have led to our accreditation by the Egyptian Investment Management Association (EIMA) with international recognitions and awards.
- The division puts strong emphasis on corporate governance and risk management to align business practices with the best interests of stakeholders while maximising transparency through timely information disclosure.
- We serve prominent local and foreign institutional clients with professionalism, integrity and strict abidance to business codes of ethics.
- CI Asset Management was been awarded 2016's "Best Asset Manager in Egypt" by Global Investors for the seventh consecutive year.
- We were also awarded 2016's "Best Asset Manager in the Egyptian Market" by Global Business Outlook.
- Year to date, CIB Equity Fund Estithmar has been ranked second among all other equity funds by EIMA.
- Year to date, CIB / FIB Sharia-Compliant Equity Fund Aman has been ranked second by EIMA.
- Blom Money Market Fund was ranked first among all money market funds for seven consecutive years (2009-2015), maintaining its top ranking in 2016.

Investment Banking

- CI Capital Investment Banking acted as the exclusive financial advisor to Olayan Financing Company on its EGP 518 million acquisition of a 100% stake in El Rashidi El Mizan, Egypt's market-leading confectionery player, in November 2015.
- CI Capital Investment Banking acted as international joint lead manager on Orascom Development Holding's CHF 135 million rights issue in December 2015. The highly successful transaction is CI Capital's first international offering on the Swiss SIX Exchange.
- The arm acted as exclusive financial advisor to Qalaa Holdings on the EGP 422 million sale of a 94% stake in Tanmeyah Micro Enterprise Services, a leading microfinance player in Egypt, in March 2016.
- CI Capital Investment Banking acted as exclusive financial advisor to Actis on its EGP 959 million sale of a 7.5% stake in Edita Food Industries, a leading F&B player in Egypt and the region, in June 2016.

FALCON GROUP

Established in 2006 as a joint venture between CIB, the CIB Employees Fund, Al-Ahly for Marketing and other private entities, Falcon Group has since grown exponentially into a full-fledged security services company. The group's main lines of business that operate as separate legal entities are Security Services, Cash in Transit, Technical Services and General Services and Properties Management.

The Group has been the main security service provider for several top-tier government and non-government organisations, such as the United Nations, and a number of embassies in Egypt. We value our clients as business partners, dedicated to providing them with the highest quality of service and treating their goals and objectives as our own. We strive to increase their competitive advantage by consistently exceeding expectations.

Falcon's marketing plan for 2017 seeks to upgrade and develop our lines of service, specifically by targeting banks and other financial institutions, governmental bodies, tourism facilities and the construction sector. In addition, we are committed to safeguarding the wellbeing of our employees. We have created a fully functioning structure and utilised systematic procedures for identifying and minimising the risk of employee harm.

Accomplishments

Falcon for Public Services and Project Management holds a market share of 18.5%, serving a large client base out of 295 different locations as of 2016. Our values help us drive our objectives and provide us with guidelines by which we achieve meaningful results in the project management sphere, providing our clients with the best possible services. The division succeeded in signing key contracts with several government agencies, such as for the Interior Ministry's new building in New Cairo and for the site of the State Security at Nasr City / Cairo. We also renewed our cleaning contract with Orange Egypt for another three years, ending in 2019. Falcon for Security Services managed to sign security contracts with several prominent entities and embassies in 2016, including the Australian Embassy, UNHCR Office, the Belgian Embassy and the Indian Embassy. Falcon Group also established a new company named National Falcon, which secured a contract with Sharm El Sheikh Airport and plans to sign an agreement with Cairo Airport for security services using our fully trained security personnel.

Falcon for Security Services has a market share of 55%, serving a large client base out of 515 locations as of 2016.

Falcon's Cash in Transit segment has a market share of 35.5% as of 2016. The segment services 133 clients with our top-notch services and our exemplary track record. The division signed five new contracts in 2016 and renewed our agreement with Emirates NBD. Also we increased the number ATMs served across our bank client network, hitting 1,010 ATMs served versus 800 last year. The segment saw the amount of transferred cash (Cash in Transit) climb to EGP 250 billion during the year after increasing the number of vehicles in our armored vehicle fleet.

Falcon's Technical Services Division has a market share of 60% as of 2016. The division managed to sign contracts with numerous new clients during the year, including with Cairo Airport's Technical Support System, the Egyptian Airport Authority, the Egypt Post Authority and the Interior Ministry.

2017 Goals

Falcon for Public Services and Project Management: In 2017, we plan to sign several important contracts with government agencies, such as the Alexandria Security Directorate, with prominent resort villages, like Marina and Marakia, and with top banks such as QNB, HSBC and Credit Agricole.

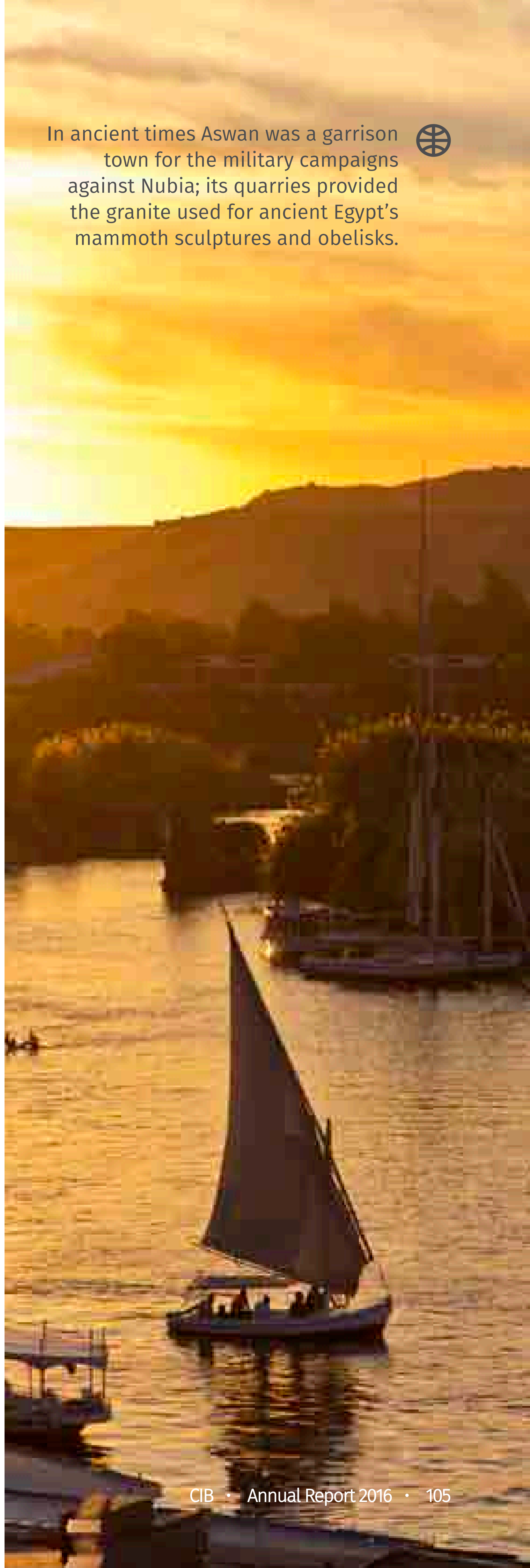
Falcon for Security Services: Our marketing plan for 2017 seeks to upgrade and develop our lines of service, specifically by targeting diplomatic institutions and more generally by developing segmented marketing strategies for every line of business.

We plan to restructure all security contracts in terms of payment to terminate any loss-making contracts and ensure we continue to improve our services.

Finally, we plan to further develop our strategy of safeguarding the well-being of our employees by continuing to improve the structures we employ to minimize employee risk.

Falcon's Cash in Transit: We are looking to grow our market share during the year through many new business avenues, the most important of which is opening a new centre vault in Alexandria.

Falcon's Technical Services Division: We plan to continue not only providing quality services, but improving our facilities and amenities in 2017. To date, the division is conducting research into the line of business to identify new opportunities and map out more specific goals for the year. Also we signed with Alsmahy for tactical gear authorization and STC authorization.



SUSTAINABILITY

Sustainable growth and development are the cornerstones of any business strategy, which is why they have long been part and parcel of CIB's philosophy.

Almost all Egyptian mangrove stands, particularly in Marsa Alam, are now protected as their dense root systems filter out sediments and protect coral reefs.

CORPORATE GOVERNANCE

Striving for the best interests of our shareholders guides everything we do, and we have established a sound reporting system that ensures the dissemination of material information in a timely, transparent and accurate manner.

We at CIB believe corporate governance is built on a set of concrete principles and values that aim to not only gain investors' trust, but also sustain it. Based on this belief, we have for years now consistently followed numerous codes and values derived from the core of corporate governance best practices. In fact, CIB laid out the foundations of good governance many years ago, which have now come to form the framework around which our five-year plan revolves.

Striving for the best interests of our shareholders guides everything we do, and we have 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 mandated laws and rules that govern business activities can never be substituted for ethical behaviour 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 utilises the work carried out by those functions to ensure the Bank adheres to international best practices of corporate governance.

Board of Directors

CIB prides itself on its strong, renowned BoD that provides the Bank with the necessary leadership and experience to manage its business with integrity, efficiency and, most importantly, excellence.

The Board primarily focuses on long-term financial returns and the best interest of all stakeholders, whether they are customers, shareholders, employees or members of the communities in which the Bank operates. The Board's role is to set the Bank's long-term strategy and provide proper oversight. It establishes the appropriate tone at the top, oversees management and long-term performance, reviews financial planning and audit process, ensures risk oversight and compliance, sets compensation and performance goals and manages director nomination, evaluation and succession planning. It oversees our economic, social and environmental sustainability, performing its duties with entrepreneurial leadership, sound strategies and risk management oversight to ensure risks are assessed and properly managed.

CIB's Board is composed of eight members, with a diverse knowledge base and a balanced skill set that gives the Bank a distinct competitive edge. The directors meet at least six times per year to discuss matters that are important to shareholders. Over the course of 2016, CIB's BoD met seven times. Being the single largest shareholder in CIB, Fairfax Financial Holding Ltd, through its wholly owned subsidiaries, currently holds 6.65% 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 capitalisation from EGP 1 billion to EGP 84.3 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.

As Managing Director, Mr. Ezz Al-Arab along with the excellent and competent CIB Chief Executives and Management Team bring decades of experience and thought leadership that guide CIB's direction in addition to overseeing the day-to-day tasks of managing the Bank.

While directing this effort, Mr. Ezz Al-Arab is personally responsible for ensuring adequate and effective governance of the Bank through managing the Risk, Compliance and Legal Departments.

In June 2016, Mr. Ezz Al-Arab received Euromoney's Award for Excellence for his "Outstanding Contribution to Financial Services in the Middle East". In January 2015, he was awarded EMEA Finance African Banking Award's "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 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.

Dr. Medhat Hassanein

Non-Executive Board Member

Dr. Medhat Hassanein is a PhD, DUP (Distinguished University Professor) and Professor of Finance and Banking with the Management Department of the School of Business at the American University in Cairo and a former Minister of Finance (1999-2004). Dr. Hassanein obtained his BA in Economics from Cairo University (with Honours) and holds an MBA from New York University (with Distinction) and a PhD from Wharton School, University of Pennsylvania, US.

Dr. Hassanein was the senior economist of the Projects Department of the Arab Fund for Economic and Social Development in Kuwait – a regional development fund operating according to the rules of the World Bank and servicing all developing Arab countries. During his term with the fund, he participated in the financing of infrastructural, agro-industrial, industrial and agricultural projects. Thereafter, he was promoted to Director of the fund's Technical Assistance Department.

Dr. Hassanein then joined the Arab Investment Bank in Egypt as the Director of the Investment Sector in charge of project finance, asset management and private equity transactions of the Bank. After his service with the Arab Investment Bank, he was offered the position of President of the Egyptian Gulf Bank in Egypt (commercial bank).

Dr. Hassanein is a senior policy analyst with vast experience in institutional building, macro-policy analysis, financial economics, corporate finance and international financial management. He previously served as advisor to the government, high-level advisory bodies and the donor community.

During his term as Minister of Finance, he developed and instituted the second-generation program of the fiscal public policy reforms of the Egyptian government. These included, inter-alia, tax, customs reforms, reviewing the procurement system in government, revising the pension system (pay-as-you-go versus fully funded systems) together with the investment policy of social insurance funds, introducing public expenditure reviews and performance-based budgeting, building and designing policies for the formalisation of extra-legal entities, securing international and local funding packages for the appraisal and implementation of national projects, developing a program for the corporatisation of public economic authorities, setting a program for the management of government cash flow, effecting the public debt-management function through introducing Egypt's debut Eurobond issue in international financial markets, in addition to the implementation of the primary dealers system and national debt equity swaps.

He has authored numerous articles and government reports on topical issues in economics, fiscal and monetary policy, finance and banking, macroeconomic reforms, privatisation, capital markets and the extra-legal economy in Egypt.

Dr. Hassanein was a member of the UN's high-level Commission on the Legal Empowerment of the Poor. He was selected among commissioners to be the chairman of Group 4, which is entrusted with the study of Entrepreneurship: Expanding Opportunities for Legally Establishing Business and Fostering Innovative Financial Instruments and Institutions for the Transition from informal to Formal Business.

Dr. Hassanein holds membership in many local and international professional associations. He has served as Chairman and Board Member of banks (investment, commercial and development), public holding companies and private corporations.

Dr. Hassanein has been a CIB Non-executive Board Member and Audit Committee Member since July 2009 and Chaired the Audit Committee in January 2014. He is also a member of the Sustainability Advisory Board and the GCC.

Mr. Jawaid Mirza

Non-Executive Board Member

Mr. Jawaid Mirza is the founder and president of Focalone Consulting Company Incorporation in Ontario, Toronto, Canada. A strong proponent and practitioner of international corporate governance and well-versed in multi-country compliance, Mr. Mirza brings with him over 35 years of diversified experience and a solid track record in all facets of financial, technology, risk and operation management. In mid-May 2013, he joined CIB's Board and assumed the responsibilities of Managing Director overseeing the daily work of the following areas: Consumer Banking, COO, Finance Group and IT.

He is widely recognised for realigning and returning to excellence and profitability floundering business units and divisions and building collaboration across multiple jurisdictions for business and cultural change. Mr. Mirza has extensive experience as a Director, taking a firm and resolute approach to leading board committees while allowing free and open discussion and keeping a tight rein on proceedings.

Mr. Mirza has a demonstrated ability to lead a business through challenges, removing barriers to drive success and sharpening its competitive edge in all economies and cultures. Having spearheaded numerous mergers and acquisitions, working alongside experts through due diligence to final negotiation, contractual conclusion and blending of multicultural resources, he has proven to be an adaptive leader, intuitive of international business protocol and cultural diversity, with the ability to manage teams crossing multiple geographies.

Over the years, Mr. Mirza has worked with global institutions like Citicorp and ABN AMRO Bank. He started his career in Citibank as a Financial Controller in Pakistan before serving in a variety of senior regional positions in ABN AMRO in Central Eastern Europe, Europe, Central Asia, the 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 was a member of the Top Executive Group of ABN AMRO bank, member of ABN AMRO Group Finance Board as well as the Group COO. He also served on the Board of Directors of Prime Bank and ABN AMRO Pakistan Ltd. after the acquisition and integration of Prime Bank. He also served on the boards of non-profit organisations, namely Artistri Sud (Montreal) and Humewood House (Toronto). Mr. Mirza is also a member of the Institute of Corporate Directors, Canada and holds business management degrees from reputable institutions including Queens Business School and Wharton Business School.

Mr. Mirza has been a CIB Non-executive Board Member since January 2014, chairs the Operations & Technology Committee at CIB and is a member of the Risk Committee. He is also a member of the Advisory Board and the GCC.

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 she has held since January 2004. She joined CIB's Board of Directors in March 2005 and acts as a member of the CIB Foundation's Board of Trustees.

For 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 and 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. Sherif H. Kamel

Non-Executive Board Member

Dr. Sherif H. Kamel is the Vice President for Information Management and is former founding dean of the American University in Cairo's (AUC) School of Business (2009-2014). Dr. Kamel was associate Dean for Executive Education (2008-2009) and Director of the Management Center (2002-2008). 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 a member of the Egypt-US Business Council (2013-present) and a member of the AACSB International Middle East Advisory Council (2015-present). He is 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 AUC. His research and teaching interests include IT transfer to developing nations, IT management, electronic business and decision support systems. Dr. Kamel received a number of organisational leadership awards for serving the IT community from the Cabinet of Egypt (2011), BIT World, Mexico (2000) and Information Resources Management Association, US (1999). He also received AUC's Distinguished Alumni Faculty Service Award (2014), the UNDP National Human Resource Development Award (2014), the School of Business Leadership Award (2013) and the AUC President's Catalyst of Change Award for Citizenship and Service (2013).

Dr. Kamel has been a CIB Non-executive Board Member since May 2014 and is a member of the Audit Committee, the Operations & Technology Committee and the GCC.

Mr. Yasser Hashem

Non-Executive Board Member

Mr. Yasser Hashem has been the Managing Partner at Zaki Hashem & Partners since 1996 and was Partner from 1989 to 1996, immediately following his graduation from Cairo University's Faculty of Law in 1989 with an LL.B. He was admitted by the Egyptian Court of Cassation in 2007 and is a member of the Egyptian Society of International Law and the Licensing Executive Society. The legal skills he has in corporate M&A and capital markets extends to the privatisation of public sector entities, the inception of the private provision of telecom services in Egypt and the promulgation of its laws, which have placed him as a valued veteran of legal practice in Egypt.

With a special focus on corporate law, Mr. Hashem played a major role in the privatisation of public sector entities in Egypt through his support to hundreds of restructurings, capital market transaction incorporations of foreign and domestic companies and advising foreign and local investors on the most efficient vehicles and structures that suit their investment in Egypt.

Mr. Hashem's legal skills were also extended to the telecommunication sector in Egypt throughout his contribution to the drafting and negotiation of all major telecom licenses, including public pay phones, mobile cellular networks, private data networks and satellite and marine fibre optic cabling. His expertise in the telecom field led to his appointment by Ministerial Decree as Member of the New Telecommunication Act Drafting Committee. He has also been responsible for most of Egypt's IPOs in the last decade and has reliably represented acquirers in all major tender offers and M&A transactions in Egypt. Furthermore, he has led the largest four major multibillion USD M&A transactions in Egypt after the January 2011 Revolution.

Mr. Hashem has been a CIB Non-executive Board Member since May 2013 and is a member of the Audit Committee.

Mr. Mark Richards

Non-Executive Board Member

As Chairman and Chief Executive of IPGL Ltd., the principle shareholder of Exotix, Mr. Mark Richards brings considerable expertise in navigating frontier and emerging markets, most recently as Partner and Global Head of Financial Services at Actis, one of the world's leading and most ethical emerging market private equity groups focused on Africa, Asia and Latin America. He has global responsibility for making and leading investments in fast-growth financial services groups and in ensuring good governance. During 11 years at Actis, Mr. Richards was responsible for building many successful companies, including the market-leading Brazilian brokerage XP Investmentos.

He previously spent 18 years at Barclays in senior roles including CFO of the International Offshore Bank, Director of Group Strategy and Head of Group Corporate Development.

With his 29 years of global experience in banking and financial services (including the UK, Africa and Asia), Mr. Richards serves as Non-executive Director for a number of companies, including CIB. He has a first-class degree from Oxford University in modern history and economics.

He completed the Accelerated Development Program from London Business School and Group Level Strategy from Ashridge Management College. He also attended the Leading Professional Services Firms Program at Harvard Business School.

Mr. Richards has been a CIB Non-executive Board Member since March 2014 and chairs the Risk Committee. He is also a member of the Audit Committee and the GCC.

Mr. Bijan Khosrowshahi

Non-Executive Board Member

Mr. Bijan Khosrowshahi joined Fairfax Financial Holdings in June 2009 and is currently based in London, UK. Fairfax is a financial services holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and investment management. Fairfax is listed on the Toronto Stock Exchange.

Mr. Khosrowshahi also represents Fairfax's interests as a board member in Gulf Insurance Group and Gulf Insurance & Reinsurance Company in Kuwait, Bahrain Kuwait Insurance Company, Arab Misr Insurance Group S.A.E. in Egypt, Arab Orient Insurance Company in Jordan, Gulf Sigorta in Turkey, Alliance Insurance Company in the UAE as well as Jordan Kuwait Bank in London and BRIT Limited in the United Kingdom.

Prior to joining Fairfax, Mr. Khosrowshahi was the President and CEO of Fuji Fire & Marine Insurance Company Limited in Japan. He is the only non-Japanese individual who has been the president of a publicly traded Japanese insurance company. In 2002, Fuji Fire & Marine began a major reform of the company after investment by its major shareholders American International Group (AIG) and ORIX Corporation. Mr. Khosrowshahi was elected President in June 2004 and successfully implemented a turnaround strategy to return Fuji to profitability and growth through taking strategically leading positions within the insurance industry in Japan.

From 2001 to 2004, he was the President of AIG's General Insurance operations based in Seoul, South Korea where a major restructuring plan resulted in significant revenue and profitability increases through specific product and channel strategies.

From 1997 until 2001, Mr. Khosrowshahi was the Vice Chairman and Managing Director of AIG Sigorta based in Istanbul, Turkey and was involved in negotiating strategic alliances and joint ventures with Turkish conglomerates and working with governmental regulators to improve support for new product introductions for the emerging Turkish insurance market.

Prior to this position, he was Regional Vice President of AIG's domestic property and casualty operations for the Mid-Atlantic region based in Philadelphia. Mr. Khosrowshahi also 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 Wharton School of the University of Pennsylvania in 2003 and is a regular lecturer at universities and insurance institutes.

He has served on the Board of the Foreign Affairs Council and the Insurance Society of Philadelphia. He has also been a council member of USO in South Korea, the Chairman of the Insurance Committee on the American Chamber of Commerce in South Korea and a member of the Turkish Businessmen's Association. He is also a member of the UK Chartered Insurance Institute.

Mr. Khosrowshahi has been a CIB Non-executive Board Member since October 2014, representing the interest of Fairfax Financial Holdings Ltd. He was nominated by Fairfax to continue serving the company's interest in CIB for the Board Term 2017-2019. He is also a member of the Risk Committee and the GCC.

Board of Directors' Committees

CIB's BoD has eight standing committees that assist the Board in fulfilling its responsibilities. Accordingly, the BoD 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 and the committees report to the BoD on a regular basis. Separate committees may be set up by the BoD to consider specific issues when the need arises.

Saint Catherine boasts Egypt's highest mountains and lowest temperatures.

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 H. Kamel Mr. Yasser Hashem Mr. Mark Richards	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 cognisant of the important role CIB plays in the Egyptian financial sector as a leader in all the areas. The Committee met four times in 2016.
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 Committee is an integral part of the overall responsibilities of the BoD. In line with CIB's corporate governance framework, it is responsible for establishing corporate governance standards, providing assessment of BoD effectiveness and determining the compensation of BoD 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, strategy and control environment. The Committee met four times in 2016.
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 makes recommendations to the Bank's risk strategy and associated limits to the Board. The Committee met four times in 2016.
Operations and IT Committee Assisting the BoD 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 BoD and assists 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 2016.

Executive Committees

Committee	Members	Key Responsibilities
Management Committee Responsible for execution of the Bank's strategy.	**Chair:** Mr. Hisham Ezz Al-Arab **Members:** CIB Senior Management	This Committee is responsible for executing the Bank's strategy as approved by the BoD. 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 BoD with regular updates on the Bank's financial and business activities, as well as any key issues. The Committee met 12 times in 2016.
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 on asset allocation, quality and development. As per its mandate, the Committee convened weekly throughout 2016 and met 52 times.
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 BoD and is responsible for steering and managing CIB's affiliates. It also acts as a think-tank for setting and initiating all strategic goals related to the Bank's affiliates. The Committee met five times during 2016.

Shareholders' Rights

Our General Assembly is the platform where shareholders exercise their voting rights. The Bank's Annual General Meeting of Shareholders is held in March each year, no later than six months after the end of the company's financial year. Additional Extraordinary General Shareholders meetings may be convened at any time by the BoD. Shareholders' consent is required for key decisions such as:

- Adoption of the financial statements.
- Declaration of dividends.
- Significant changes to the Bank's corporate governance.
- Remuneration policy.
- Remuneration of Non-Executive Directors.
- Discharge from liability of the Board of Directors.
- Appointment of the external auditor.
- Appointment, suspension or dismissal of the members of the BoD.
- Issuance of shares or rights to shares, restriction or exclusion of preemptive rights of shareholders and repurchase or cancellation of shares.
- Amendments to the Articles of Association.

External Auditor

The General Meeting of Shareholders appoints the external auditor. The Audit Committee recommends the auditor to the BoD, to be proposed for (re)appointment by the General Meeting of Shareholders. In addition, the Audit Committee evaluates the performance of the external auditor. CIB changes auditors every five years to ensure objectivity and the exposure to new practices.

MANAGEMENT COMMITTEE

> 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.

Mr. Hisham Ezz Al-Arab
Chairman and Managing Director

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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 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 BA in Business Administration from the American University in Cairo.

Mr. Mohamed Sultan
Chief Operating Officer

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

Under his leadership and management, the Operations Group was significantly developed, resulting in major expansions within the Operations Area through merging several operations divisions, including Corporate Services, Alternative Channels and Real Estate and Facility Management.

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.

In 2015-2016, Mr. Sultan lead a major transformation strategy in the IT Division, which added significant value to existing technology and enhanced infrastructure, aiming for a more solid foundation that provides superior services to customers and allowing the business to grow smoothly as the Bank moves forward.

Mr. Sultan has also been leading the Bank's Digital Transformation strategy with an aim of positioning CIB as a market leader in digital banking.

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. He has attended several leadership programs in top business schools and is also an alumnus of INSEAD Business School.

Mr. Ahmed Issa

CEO Consumer Banking

Mr. Ahmed Issa leads the Retail Banking Division at CIB and is a member of the Bank's Management Committee. His key responsibilities cover Consumer Banking, Business Banking and the Bank's distribution strategies and networks. Prior to this, Mr. Issa was Chairman of the Board at Corplease and at Falcon, Group CFO at CIB, Co-Founder and Head of Research at CIBC and Managing Director of Investment Banking at CI Capital.

Mr. Issa is the Co-Chair of the Banking Committee at AmCham and chairs the Board Audit Committee at Civil Aviation Finance Holding Company.

He earned his MBA at UNC-Chapel Hill's Kenan-Flagler Business School in 2003 and re-joined CIB the same year.

Mr. Issa is passionate about the role of banks as a fair intermediary in allocating capital, reversing Egypt's brain drain, equality through education, disruption in consumer banking and how markets work.

Ms. Pakinam Essam

Chief Risk Officer

Ms. Pakinam Essam serves as the Chief Risk Officer (CRO) of CIB. Ms. Essam was appointed to her current position in January 2011. Since then, she commenced the Risk Transformation Process, and the CIB Risk Group evolved into a forward-looking, holistic organization with an integrated view of risks, covering all the key areas including Institutional Banking, Consumer & Business Banking, Market, Operational, Liquidity and Interest Rate Risks. The coverage further expanded to focus on emerging non-financial risks, such as Conduct, Cyber Security, Information Security, Vendor Management, IT, Reputation and Social & Environmental Risks. Ms. Essam is championing the bank's Enterprise Risk Management framework, with emphasis on Infrastructure, Process, Environment, and Risk Culture. Under her leadership, CIB has been recognised for four prestigious risk awards by Asian Banker Singapore for Middle East & Africa in the following categories: Enterprise Risk Management, Retail Risk, Liquidity Risk, and Operational Risk.

Ms. Essam is a key member of the Bank's executive committees and an active member of the Bank's Sustainability Steering Committee and the Board of Trustees of the CIB Foundation.

Ms. Essam joined CIB after graduating from Faculty of Economics and Political Science, Cairo University, and has over 25 years of experience in banking and risk management.

Mr. Amr El Ganainy

President, Global Customer Relations

Mr. Amr El Ganainy joined CIB in 2004 as General Manager, Financial Institutions Group. In January 2010, he assumed his role as President of the Global Customer Relations Department, a one-stop shop to the largest 30 groups in the Bank. The Relationship Management (RM) concept involved an incremental layer of client coverage within CIB's new approach to product structure that mainly focuses on improving the overall client relationship via measurable KPIs.

Mr. El Ganainy succeeded in transforming and developing Global Customer Relations since inception. The accounts under management witnessed numerous generic and new commitment additions that grew the portfolio from EGP 8.6 billion in January 2010 to around EGP 100 billion by December 2016. The success of the RM model led to the February 2016 decision to cascade this model to all corporate and strategic accounts after exceeding all set strategic targets and KPIs.

Mr. El Ganainy is also the Chairman of International Securities & Services Co. (Falcon Group), Chairman of CI Asset Management Co., Board Member of TE DATA, Board Member of CI Capital Holding Co., Board Member of Misr for Central Clearing, Depositary and Registry Co., Honorary Chairman of Interarab Cambist Association (ICA), Honorary Chairman of Egyptian Dealers Association (ACI Egypt) and a member of the American Chamber of Commerce in Egypt.

He was the Chairman of Commercial International Brokerage Co., Chairman of United Brokerage Co., Abu Dhabi, Executive Board Member of ACI International (The Financial Market Association), Board Member of Royal & Sun Alliance Insurance Co. and Chairman of Capital Securities Brokerage Co.

Prior to joining CIB, Mr. El Ganainy worked at the United Bank of Egypt as a General Manager, Treasurer and Head of Correspondent Banking, Chief Dealer of Export Development Bank and started his career as a Dealer at Suez Canal Bank.

The River Nile, which is nearly 650 meters wide in Aswan, includes an archipelago of picturesque islands.

SUSTAINABILITY DEPARTMENT

Sustainability is a key focus for leading financial institutions today, with the global financial architecture being redefined around its foundations. As always, CIB is at the heart of these changes and challenges and is an internationally recognised frontrunner in this rapidly evolving, forward-thinking field. This enlightened approach is rooted in a solid foundation based on both a clear outlook and pragmatic action. As a result, embracing sustainability is becoming an increasingly integral part of the Bank's policies, practices, culture and mindset as well as CIB's vision and mission statements.

CIB's thinking, course of action and promising green journey of transformation and change are closely aligned with the 2030 Global Sustainable Development Agenda and the 16 Sustainable Development Goals (SDGs) and 169 associated targets. They are also in line with Egypt's 2030 Agenda, with the underlying focus being to advance a sustainable and climate-resilient future.

It is worth noting that CIB has spent EGP 250 million and counting on its sustainability initiatives, reaping several prestigious awards and global acclamations along the way.

The Bank's Sustainability Advisory Board was set up to oversee, approve and monitor all sustainability strategies, initiatives and projects. Concentrating 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, the board is one of the fundamental pillars of CIB's sustainability agenda.

2016 Accomplishments

Affordable & Clean Energy (SDG #7) and Sustainable Cities & Communities (SDG #11)

CIB understands the importance of acting responsibly and efficiently with regards to energy usage. By adjusting several of the Bank's energy systems and following a sustainable energy strategy, CIB was able to save over 3 million KWs of energy equivalent to providing lighting to over 1 million small homes in Egypt. Amount saved is only over Greater Cairo branches over 2016. This was achieved by the following:

- CIB employs various clean energy systems around its premises and offices.
- LED lamps were replaced bank wide, with calculated savings from the project in KW at 40% of post-usage figures as per accreditation of the Electricity and Renewable Energy Ministry.
- CIB has over 180 branches and six head offices all over Egypt. The magnitude of LED consumption around the bank's premises, marketing of the financial benefits and the country's energy shortage dilemma all sparked high demand on the LED requisition. Subsequently, different consumers shifted to LED and suppliers reduced prices due to the high demand. CIB installed three solar grid-tied stations over its standalone buildings, feeding in 20% of the buildings' electricity.
- CIB operates 35 solar water heaters and switches off the electric water heaters throughout the long summer months.
- The Bank's energy-saving initiative not only directly aligns with national plans to improve energy efficiency but is regarded as a competent tool for better management and resource saving. Other financial and non-financial institutions followed suit, making CIB one of the pillars supporting the "Affordable and Clean Energy" SDG.
- CIB has taken significant strides to protect the environment by conforming to green construction standards while accommodating staff members and customers – foundational pillars of the Bank's mission and vision.
- CIB built and renovated several of its properties to meet international green construction standards and ensure better air circulation mechanisms. Natural plants and green walls have been installed at branches and offices to curtail the dissemination of inessential emissions. Green initiatives are sustained through regular audits from the Ministries of Environment and Housing.

Reduced Inequalities (SDG #10)

CIB sees financial inclusion of non-banking users as one of its priorities and thus, mitigating our standard operations and services to accommodate all is a necessity:

- As part of CIB's efforts to give back to members of our society most in need, CIB organised awareness sessions for its staff members on communication with their colleagues with physical and mental disabilities.

Pristine dunes surround Siwa Oasis, one of Egypt's most isolated settlements with only about 23,000 Berbers living in the area who developed a unique culture and distinct language called Siwi.

- CIB also installed the first ATM for the visually impaired in Egypt. After its successful and well received launch, the Bank was encouraged to introduce similar mechanisms all over Egypt to advocate for accessibility.

Climate Action (SDG #13)

- CIB is the first Egyptian financial entity developing a carbon footprint inventory for its premises. Collaborating with a top-rated international consultancy agency, we are addressing sustainability issues in a robust and comprehensive way, positioning our organisation as a leader in the Egyptian market. The development of a carbon inventory is seen as one of the most valuable tools for the identification of internal actions and measures that can uncover cost-saving opportunities and help improve the bottom line. Our results, environmental policy and projected action plan can be explicitly reviewed in the Bank's 2016 Sustainability Report. These requirements and findings are fundamental for Egypt's 2018 climate change strategy, in line with the Paris Agreement.
- CIB approved the activation of mobile application Carpooling Ray'eh. The ride-sharing app not only has numerous social benefits, but has the additional advantage of reducing the number of cars on the road and thereby quelling emissions of CO2 and other harmful pollutants.

Life on Land (SDG #15)

- CIB firmly believes that the interrelated concepts of waste management, recycling and changing habits in the workplace save life on land. Consequently, the Bank has anchored the basics of waste deployment throughout its premises.
- CIB managed to decrease its paper consumption and requisition by up to 20% in 2016 compared to 2015, despite an increase in its branch network and headcount.
- CIBians were encouraged to participate in the recycling initiative and used the segregating bins efficiently. As a result, different waste items, especially paper, were sold to recycling outlets and the generated funds were credited to the CIB Foundation's account. CIB saved over 6 million sheets of paper, the equivalent of 306 trees, 126, 218 gallons of water and 287, 425 CO2 emissions.

Partnership for the Goals (SDG #17)

- Sharing our practices and experience with external stakeholders is a source of motivation, recognition, operational efficiency and continuous development. CIB partners with different communities and institutions to generate solutions, striving to be a model of excellence.
- The 2015 Sustainability Report was developed and published in June 2016. The report's architecture followed GRI G4 guidelines. The report was used as a prototype for other banks and financial organisations. Furthermore, the Egyptian Stock Authority (EGX) communicated its interest to follow suit and develop its first Sustainability Report in 2017.
- CIB was the first financial institution in the Middle East to join the assessment exercise of the Dow Jones Sustainability Index 2016. Through successful data collection and cross-functional analytics, CIB managed to rank 79 out of 131 Participating banks. CIB is positioned with the likes of Wells Fargo & Commerzbank and is working to improve its global sustainability ranking in 2017.
- CIB is the only Egyptian bank recognised in the FTSE4 Good Index 2016 Index, key evidence that CIB supports human rights, maintains good relations with its stakeholders, ensures positive labour standards, maintains anti-bribery and corruption benchmarks and is environmentally sustainable.
- CIB is the first and only bank in Egypt to join the United Nations Environment Programme Finance Initiative (UNEP FI) through signing the UNEP FI Statement of Commitment on Sustainable Development. CIB will assume the role of UNEP FI's Sustainability Champion nationally and regionally. More information is available in the Credit & Investment Exposure Management segment.

Cleopatra Beach at Marsa Matrouh is said to be where Cleopatra and Mark Anthony swam.

COMMUNITY DEVELOPMENT

The CIB Foundation was established in 2010 as a nonprofit organisation dedicated to the enhancement of health and nutrition services.

About 30 pharaohs contributed to the buildings at Karnak Temple in Luxor, enabling it to reach a size, complexity and diversity not seen elsewhere.

CIB FOUNDATION

The CIB Foundation has seen exponential geographical growth in terms of its reach during the year. Supporting the healthcare needs of the Egyptian community in many new areas across Egypt, 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 organisation 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 2016, the CIB Foundation was allocated over EGP 69 million, representing 1.5% of CIB's annual net profit. With this funding, the organisation continued to expand its operations geographically, creating new beginnings for Egypt's youngest citizens across the country.

In late May 2016, the CIB Foundation was recognised for its work in the arena of corporate social responsibility from African Banker, winning the award for "Socially Responsible Bank of the Year."

The Foundation's partnerships and initiatives during 2016 included:

Gozour Foundation for Development: Eye Exam Caravans

In July 2016, the CIB Foundation reaffirmed its long-standing partnership with the Gozour Foundation for Development to fund 264 eye exam caravans to provide 158,400 disadvantaged students enrolled at public schools in poor rural and urban areas in Egypt with free eye care services through the Gozour Foundation. The caravans will be implemented in Upper Egypt governorates.

The CIB Foundation allocated EGP 47 million over three years to fund caravans in the governorates of Sohag, Qena, Luxor and Aswan through the 6/6 Eye Exam Caravan Program. Through a partnership with Alnoor Magrabi Foundation and Dar El Oyoun, the caravans are designed to provide public school students with free ophthalmic exams, eyeglasses, eye medication if necessary as well as referrals to private hospitals for complex cases. Each caravan included 25-30 doctors, nurses and coordinators and was fully equipped with advanced equipment, a fully stocked pharmacy and an eyeglass shop. Each one-day caravan targeted 600 children. The CIB Foundation donated over EGP 8 million in July 2016 to cover the first tranche of the project.

CIB staff members also participated in bag-packing events and the eye exam caravans, where thousands of school bags were packed with soap, towels and educational material as well as providing the children with eye care, medication and glasses. They also lead awareness sessions on healthy eye practices for the student beneficiaries of the program. These events provided valuable opportunities for the CIB staff to learn about the Foundation's activities and give back to the community.

Magdi Yacoub Heart Foundation: Research Labs

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.

The centre hopes these research labs will deepen the understanding 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 methodology 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.

Over the course of 2016, the CIB Foundation donated over EGP 7 million to cover the outfitting costs of the research labs.

Magdi Yacoub Heart Foundation: 50 Open-Heart Surgeries

In July 2016, the CIB Foundation allocated EGP 4.5 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 minimise the number of children on the open-heart surgery waiting list. In September 2016, the CIB Foundation donated EGP 2.25 million, covering the first tranche of the project.

Children's Cancer Hospital 57357: PET CT scanner and Annual Donation

In line with its long-term partnership with the Children's Cancer Hospital 57357, the CIB Foundation provided the hospital with a PET CT scanner at a cost of EGP 13.17 million. The highly specialized equipment will allow doctors to identify cancerous cells and plan for removal during the operations. The CIB Foundation fulfilled its commitment to the project in October 2016.

As another demonstration of the Foundation's commitment to the hospital, EGP 3.5 million was donated in March 2016 to fund patient care in both the Cairo and Tanta branches of the hospital.

Friends of Abu El Rish Children's Hospitals Organization: Paediatric Intensive Care Unit

In April 2016, the CIB Foundation's Board of Trustees approved EGP 16 million over two years to fund the complete renovation and outfitting of the El Mounira Hospital's original intensive care unit (ICU) on the seventh floor.

The renovation included the installation of central oxygen and ventilation networks, covering all surfaces with anti-bacterial material, constructing isolation rooms, establishing a central monitoring station, providing emergency electrical supplies and purchasing state-of-the-art medical equipment, including ICU beds, resuscitation units, monitors, ventilators, endoscopes, a mobile x-ray machine, sterilisation unit, and others. The project would help serve nearly 2,000 children annually.

In June 2016, the CIB Foundation fulfilled its first installment amounting EGP 4 million for the project.

Rotary Club of Kasr El Nil: Children's Right to Sight Program

In April 2016, the CIB Foundation's Board of Trustees approved supporting the third phase of the Children's Right to Sight program at a cost of EGP 1 million over one year under the management of Rotary Club - Kasr El Nile to fund around 500 critical eye surgeries to underprivileged children. The CRTS program is dedicated to eradicating blindness by supporting children and infants requiring critical eye surgeries.

Over the course of 2016 the CIB Foundation donated over EGP 309,000 covering 99 surgeries.

Egyptian Clothing Bank

In line with its history of supporting national campaigns, the CIB Foundation supported the "One Million Blankets" national campaign organised by the Egyptian Clothing Bank (ECB). In January 2016, the Foundation donated EGP 1 million to the campaign's "Warm Egypt" initiative, providing sweaters to children in Upper Egypt and border governorates. Over the course of the winter, CIB employees in various governorates were actively involved in the distribution of 50,000 sweaters to the children.

National Cancer Institute: Computed Tomographic (CT) Scanner

In February 2016, the CIB Foundation fulfilled its first installment to National Cancer Institute by donating EGP 2.205 million for the purchase of a pediatric Computed Tomographic (CT) scan machine for the Department of Radiology 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 daily, of whom around six to eight patients are 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 early diagnosis rates.

In November 2016, the CIB Foundation fulfilled its second and final installment amounting to EGP 945,000 for the project.

Baladi Foundation – Ophthalmic Clinic in Aswan

In September 2015, the CIB Foundation's Board of Trustees approved an EGP 710,000 project to establish the first fully equipped diagnosis and referral centre 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 specialised doctors. In March 2016, the CIB Foundation donated EGP 102,000 for the project to cover the purchase of essential equipment for the Baladi Foundation.

Yahiya Arafa Children's Charity Foundation: Paediatric Catheter Lab and Annual Operating Costs

The Yahiya Arafa Children's Charity Foundation is a longstanding 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 enable the hospital to have a Catheter Lab dedicated to children, conduct 100 procedures per month and reduce the waiting list by 90%.

In July 2016, the CIB Foundation donated EGP 2 million to cover the first installment for the project.

Additionally, in March 2016, the CIB Foundation fulfilled its commitment to support the annual operating costs of four pediatric units at the Ain Shams University Hospital through the Yahiya Arafa Children's Charity Foundation at EGP 2 million.

Zewail University of Science and Technology: CIB Foundation Fellowship for Science and Technology

In line with its commitment to quality education, the CIB Foundation disbursed its year-four donation of EGP 5 million to the Zewail University of Science and Technology to cover the tuition expenses of its 50 CIB Foundation Fellows. The fellowship supports 50 public school graduates pursuing degrees in the advanced sciences or engineering.

Egyptian Liver Care Society: Children Without Virus C Program

The CIB Foundation dedicated over EGP 6 million to fund the Egyptian Liver Care Society's Children Without Virus C (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 centres 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.

In March 2016, the CIB Foundation fulfilled its commitment to the Egyptian Liver Care Society with EGP 1.710 million donated, representing the final installment of the project.

Right to Live Association

In December 2014, the CIB Foundation's Board of Trustees approved EGP 312,600 to fund the renovation of several children's areas at the Right to Live Association, a center for the schooling and rehabilitation of people with various mental and physical disabilities.

The CIB Foundation fulfilled its commitment to the Right to Live Association, with EGP 282,908 donated in April and June 2016 representing the final installments for the project.

Rotary Club of Zamalek: Maxillo-Facial Center in the Cairo University Faculty of Dentistry Annual Operating Costs

In September 2015, the CIB Foundation's Board of Trustees approved EGP 45,100 in annual operating costs for the CIB Foundation-funded Maxillo-Facial Center at Cairo University's Faculty of Dentistry. The centre was inaugurated in April 2014 and is one of the sole providers of highly specialised treatment for oral and nasal cavity deformities, congenital deformities in newborn babies and facial deformities caused by cancer.

In June 2016, the CIB Foundation donated EGP 22,515 to cover the first installment of the operating costs.

Rotary Club of Zamalek: Mobile Dental Caravan for the Faculty of Oral & Dental Medicine - Cairo University

In September 2016, the CIB Foundation Board of trustees approved funding the purchase of an outfitted mobile dental caravan for the Faculty of Oral & Dental Medicine - Cairo University under the management of Zamalek Rotary Club with a total amount of EGP 640,000. The CIB Foundation donated EGP 160,000 to cover the first installment for the project.

The dental caravan will be used by the Faculty of Oral & Dental Medicine to perform necessary dental treatment (free of charge) to school students in Cairo and Giza governorates' remote areas.

MOVE Foundation for Children with Cerebral Palsy: Premises Renovation

In June 2015, the CIB Foundation committed EGP 2 million to the MOVE Foundation for Children with cerebral palsy to renovate their premises, allowing them to expand their operations. The MOVE Foundation was established in 2004 with the mission to positively impact the lives of the estimated 250,000 children living with the disability. The organisation aims at mainstreaming those children into the public-school system to allow them to become healthy, productive members of society. While cerebral palsy cannot be cured, it can be managed successfully through early intervention. The CIB Foundation fulfilled its first commitment to the MOVE Foundation by donating EGP 1.3 million for the purchase of their current premises.

Over the course of 2016 the CIB Foundation donated over EGP 514,000 to cover the complete renovation of the premises, as well as the purchasing of essential equipment.

Sohag University Hospital: Craniofacial Center

In April 2014, the CIB Foundation Board of Trustees approved EGP 1 million to fund the outfitting of the Craniofacial Center at the Sohag University Hospital.

A team of surgeons specialising in hearing, speech therapy and dentistry have established the Craniofacial Centre to serve patients from Sohag, Qena and Aswan, primarily with cleft lip and cleft palate deformities. In addition to prescribing courses of treatment, the centre also conducts specialised surgeries over long-term time frames. The specialised services offered in the centre will potentially allow it to become a major referral centre for patients across the country. Over the course of 2016, the CIB Foundation donated EGP 447,924 for the project.

Sohag University Hospital: Paediatric Critical Care Unit

In April 2016, the CIB Foundation's Board of Trustees approved EGP 6 million over one year to fund the outfitting of the Pediatric Critical Care Unit at the Sohag University Hospital.

The outfitting of the Pediatric Critical Care Unit will include a Pediatric Cardiac Care Unit, Diabetic Ketoacidosis Management Unit, Pediatric Endoscopy Unit, a comprehensive unit treating poisonings, immune system diseases and hepatic coma and Kidney Unit.

In July 2016, the CIB Foundation fulfilled its first installment amounting to EGP 3 million for the project.

Sawiris Foundation and Star Care for Helping Children: Together for Change Project

In April 2016, the CIB Foundation's Board of Trustees approved a new EGP 1.5 million partnership between the Sawiris Foundation and Star Care Foundation to implement comprehensive community development projects in Sohag, Assiut and Qena, under the management of the Association of Businesswomen in Assiut.

The project includes the renovation and upgrade of community health centres, the training of doctors and nurses, organising health awareness campaigns for locals, raising the skills of teachers in community schools, distributing in-kind support to students as well as offering regular sports, soft skills and recreational activities. The project also offers economic empowerment opportunities. The CIB Foundation is committed to supporting the health sector.

Ahl Masr Foundation Burn Victim Operations

There are between 80,000 to 100,000 new burn cases in Egypt every year, 37% of which die of their injuries and 18% of which suffer from permanent impairment. One quarter of these cases are children under the age of five, over 50% are under the age 20 and 75% of all cases are sustained by people from underprivileged backgrounds.

In April 2016, the CIB Foundation allocated EGP 1 million to the Ahl Masr Foundation to cover the costs associated with approximately 10 pediatric burn patient surgeries. The donation will help support underprivileged children suffering severe burns without the financial capability to cover the cost of their treatment. In September 2016, the CIB Foundation fulfilled its first installment amounting to EGP 250,000 for the project.

British Council Egypt: Full Tuition Support for One Al-Azhar University Student

In December 2016, the CIB Foundation fulfilled its first installment in a pledge to support one student of Al-Azhar University to pursue a PhD in religious studies in the Department of Politics, Philosophy and Religion at Lancaster University. The proposed topic of research is Islamic Feminism in Modern Egypt, a quest for a pragmatic perspective based on Islamic sources and cultural specificities.

The British Council and Al-Azhar initiative aims to promote mutual understanding among a new generation of Muslim and non-Muslim scholars.

The CIB Foundation was recognised for its work in the arena of corporate social responsibility from African Banker, winning the award for "Socially Responsible Bank of the Year."

Blood Donation Campaigns: The Triple Effect

Over the course of 2016, the CIB Foundation hosted 21 blood donation campaigns across its corporate offices. The campaign aims to encourage CIB staff and customers to positively and effectively participate in an activity that can save the lives of thousands of patients across the country. Over 600 bags of blood were collected in 2016, potentially saving the lives of more than 1,800 people. On International Blood Donation Day, Egypt was attempting to break the Guinness World Record for the number of blood donation applicants in an eight-hour period. CIB's participation in the event helped secure the record.

KidZania Cairo

Through CIB's long-term corporate sponsorship of KidZania Cairo, the CIB Foundation allocated 50 tickets each quarter to underprivileged children. Throughout 2016, the CIB Foundation organised multiple visits to the edutainment city through its partner organisations, 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, 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 marginalised groups of society were given the chance to experience activities that would have previously been unavailable to them.

Americana Plaza Cinema

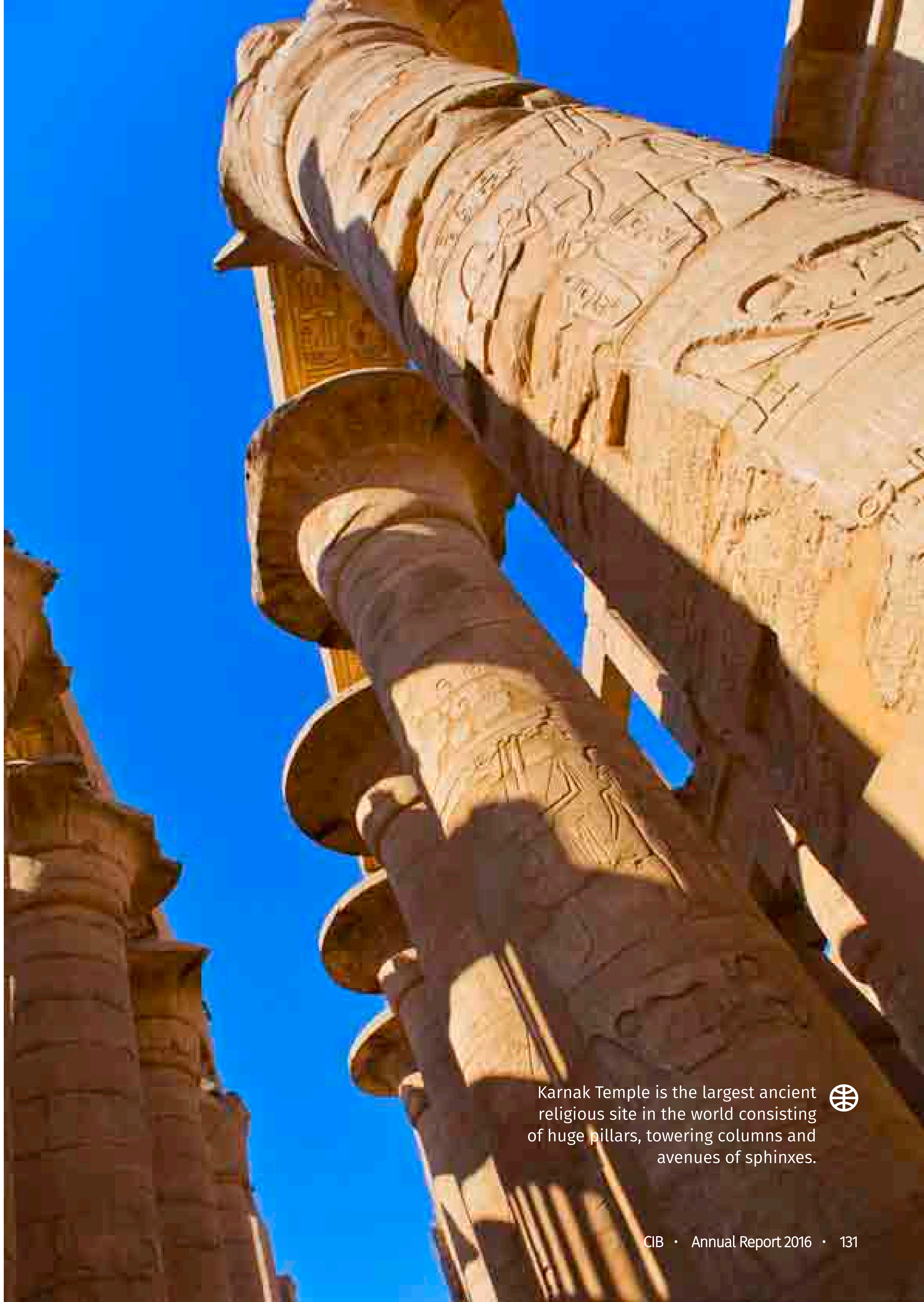
In August 2016, more than 300 children enjoyed an entertaining trip to Americana Plaza Cinema and watched the animated movie "The Secret Life of Pets." The trip was organised by the CIB Foundation and sponsored by CIB, in association with the Egyptian Red Crescent and other foundations for children with special needs, including the MOVE Foundation, Right to Live Association and Logain Foundation. The Foundation also provided the children with transportation to and from the cinema, as well as healthy refreshments during the movie.

Point 90 Cinema

In September 2016, 100 children enjoyed an entertaining trip to Point 90 Cinema and watched the movie "Pete's Dragon." The trip was organised by the CIB Foundation and sponsored by CIB, in association with the Advance Society for Autism. The Foundation also provided the children with transportation to and from the cinema, as well as healthy refreshments during the movie.

Squash for Everyone

In September 2016, the CIB Foundation organised a sports day for 35 children from the Egyptian Red Crescent and Logain Foundation, during which they practiced squash for the first time. The event signaled the launch of the first phase of the "Squash for Everyone" initiative sponsored by CIB in partnership with renowned Egyptian squash professional Amr Shabana, offering an equal opportunity to underprivileged children and with special needs to explore and develop their athletic capabilities.



Karnak Temple is the largest ancient religious site in the world consisting of huge pillars, towering columns and avenues of sphinxes.

CORPORATE SOCIAL RESPONSIBILITY

2016 saw CIB continue to achieve significant milestones in Corporate Social Responsibility (CSR), further solidifying the Bank's commitment to the betterment of society and creating a profound, positive impact on the lives of citizens.

Community Development

Over the last 12 months, CIB maintained its steadfast commitment to community development through diverse categories of CSR projects in the fields of art, culture and sport.

Student Cultural Trip to Cairo Opera House: In association with the"Friends of The Opera" association, CIB organised a cultural trip for 400 students from different public schools to attend Sergei Prokofiev's composition "Peter and the Wolf," performed by the Cairo Symphony Orchestra at the Cairo Opera House. The trip aimed to promote and nurture musical appreciation in the children.

KidZania: Throughout its partnership with KidZania, which began in 2013, CIB has been organising trips to the edutainment city for underprivileged children. Over the past 12 months, CIB organised four trips for 100 children with special needs, serious health conditions and those from underprivileged backgrounds to KidZania, under the supervision of the CIB Foundation. At KidZania, children enjoy an educational, entertaining experience by performing simulated jobs, such as firefighters, doctors, police officers, journalists and the like. CIB's partnership with KidZania has also been a chance to raise banking awareness in the youth. The Bank has a mini-branch on the premises that allows children to perform different bank operations like writing cheques, issuing debit cards and depositing or withdrawing KidZos, the official currency of KidZania, from ATMs around the venue.

Autism: Children with autism and other disabilities have always been given the highest priority on CIB's CSR agenda. This has been reflected in our long-term partnership with the ADVANCE Society for Persons with Autism and Other Disabilities and the Bank's continuous contributions to its activities. In 2016, CIB continued to sponsor the society's annual ceremony, 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 society. Moreover, the Bank sponsored 2016's World Autism Awareness Day (WAAD) in Egypt, held annually in April worldwide, which witnessed the participation of more than 75 organisations specialised in the provision of services to those with learning disabilities and autism across the country.

Zawya: Through CIB's partnership with Zawya, an art-house cinema founded by Misr International Films (MIF), the Bank sponsored the screening of the animated film "Hotel Transylvania 2" with live audio description for more than 150 visually impaired children from the schools of Taha Hussein, Mostafa Assaker and Alnour Wal Amal, in addition to the Fagr El Tanweer Association and Al-Markaz Al-Namoozagy for the Blind.

El Sawy Culture Wheel: In 2016, the Bank capitalised on 2015's successful awareness campaign entitled "Financial Planning for Safer Future" and launched a second round of free seminars under the theme "Financial Inclusion." CIB also continued its sponsorship of special screenings of documentary films, cultural nights, concerts and art exhibitions organised by El Sawy Culture Wheel.

Beena Initiative: CIB is the main partner and funder of "Beena", a protocol signed with the Social Solidarity Ministry to encourage the active participation of youth in society, and to support and monitor the development of social care services. The initiative succeeded in attracting thousands of volunteers across Egypt, who implemented an effective mechanism for developing and monitoring the quality of services provided to different social care centres, 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.

Sponsoring Art: Supporting art remains the core of CIB's CSR agenda. We work to ensure the diversification of our channels to reach out to distinctive art talents across Egypt and into as many categories as possible. CIB's numerous and varied art-centric sponsorships and activities led to the significant enrichment of the Bank's private art collection.

- ***Supporting Students of Fine Arts Faculties:*** The Bank continued to pave the way for more art students to realise their talents and receive adequate recognition for their art. This year, CIB's reach included the acquisition of participants' distinctive pieces, adding them to our private art collection to incentivise the young talents. Similarly, the Bank sponsored for the second consecutive year the art exhibitions of the faculties of Fine Arts at Alexandria and South Valley universities, targeting the same age-range of young artists.
- ***Art Exhibitions:*** This year, CIB developed its already expansive strategy of supporting art exhibitions by extending support to individual exhibitions by young artists. The Bank acquired the finest pieces displayed at each exhibition to enrich its private art collection.
- ***Cairo Symposium:*** Maintaining its exclusive position as the only bank in Egypt sponsoring every category of fine arts, CIB sponsored the second edition of the Cairo Symposium for Carving Iron Scrap, which was held in April 2016 at Mohamed Mahmoud Khalil Museum. The Bank has been sponsoring this magnificent art event since its launch in 2013 and acquired distinctive pieces added to CIB's private art collection.
- ***Art Salons:*** For the sixth consecutive year, CIB sponsored the annual Egyptian Youth Salon in collaboration with the Fine Arts Division at the Egyptian Culture Ministry, supporting trending artists under the age of 35.

  CIB also sponsored for the second consecutive year the Upper Egypt Salon, which was held in Luxor in November 2016, in collaboration with South Valley University's Faculty of Fine Arts. This not only extended the Bank's geographical reach to untapped areas of Upper Egypt, but gave artists of various age brackets the opportunity to display their creative works.

Sponsoring the Egyptian Squash Federation: For more than five years, CIB has been sponsoring the Egyptian Squash Federation as part of the Bank's belief that sports are an integral facet of shaping the minds and health of Egyptian youth. The Bank continued its support this year of young, talented athletes who represent the country in regional and international arenas. In 2016, the Bank further expanded this support to include less-fortunate children by launching the "Squash for Everyone" Initiative in partnership with Egyptian Squash National Teams Director & Technical Advisor Amr Shabana. The initiative, supported by the CIB Foundation and held in association with the Egyptian Red Crescent and Logain Foundation, aims to give underprivileged children and those with special needs access to sports facilities and to let them explore and develop their athletic capabilities.

Al Ahram Squash Open: CIB was proudly the exclusive bank sponsor for the tournament, which aimed at reviving the Al Ahram Squash Open that was suspended for the last 10 years.

Partnering with Omar Samra: This year, CIB supported the new "Your Space" initiative launched by Egyptian entrepreneur Omar Samra, which aims to develop the scientific talents of Egyptian youth. This initiative represents an innovative experience to promote the culture of space science among students at schools and universities. The objective is to stimulate the development of engineering, science, technology and mathematics curriculums and pique students' interests in not only exploring space, but also making it their future profession. Various special contests, such as designing a spaceship or a city for humans on another planet or moon, were organised for students to compete and excel.

In the context of partnership with Samra, CIB supported the young adventurer in his expedition to Antarctica. The most significant achievement of this adventure was Samra's successful climbing of three mountains that had never been climbed before (first ascents). Samra raised the Egyptian flag along with CIB's, the main expedition sponsor, thereby declaring an unprecedented and historic achievement that truly demonstrates the distinctive skills and ambition of Egyptian youth pursuing their dreams.

FINANCIAL STATEMENTS

While 2016 was a turbulent year in terms of the macroeconomic landscape, CIB managed to weather the storm and report an exceptional set of results.

Luxor has been called the "world's greatest open-air museum" as the ruins of Karnak and Luxor temples lie within the city, and across the Nile are the Valley of the Kings and Valley of the Queens.

Deloitte – Saleh, Barsoum & Abdel Aziz
Accountants & Auditors

KPMG Hazem Hassan
Public Accountant & 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 2016 , 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, 2016 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, 2016 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

KPMG Hazem Hassan
Public Accountants and Consultants

Kamel Magdy Saleh
Egyptian Financial Supervisory Authority
Register Number "69"
Deloitte – Saleh, Barsoum & Abdel Aziz
Accountants & Auditors

Cairo, 31 January ,2017

Commercial International Bank (Egypt) S.A.E

Separate balance sheet as at December 31,2016

	Notes	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Assets			
Cash and balances with central bank	15	10,522,040	9,848,954
Due from banks	16	58,011,034	21,002,305
Treasury bills and other governmental notes	17	39,177,184	22,130,170
Trading financial assets	18	2,445,134	5,848,377
Loans and advances to banks, net	19	159,651	38,443
Loans and advances to customers, net	20	85,991,914	57,172,705
Derivative financial instruments	21	269,269	80,995
Financial investments			
- Available for sale	22	5,447,291	46,289,075
- Held to maturity	22	53,924,936	9,261,220
Investments in associates	23	10,500	12,600
Non current assets held for sale	42	428,011	503,066
Other assets	24	5,446,025	4,799,937
Goodwill	41	-	209,842
Intangible assets	41	499,131	629,340
Deferred tax assets (Liabilities)	32	181,308	258,157
Property, plant and equipment	25	1,338,629	1,107,905
Total assets		**263,852,057**	**179,193,091**
Liabilities and equity			
Liabilities			
Due to banks	26	3,008,996	1,600,769
Due to customers	27	231,965,312	155,369,922
Derivative financial instruments	21	331,091	145,735
Current tax liabilities		2,017,034	1,949,694
Other liabilities	29	3,579,330	2,622,269
Long term loans	28	160,243	131,328
Other provisions	30	1,514,057	861,761
Total liabilities		**242,576,063**	**162,681,478**
Equity			
Issued and paid up capital	31	11,538,660	11,470,603
Reserves	34	3,443,319	152,144
Reserve for employee stock ownership plan (ESOP)		343,460	248,148
Total equity		**15,325,439**	**11,870,895**
Net profit for the year		5,950,555	4,640,718
Total equity and net profit for the year		**21,275,994**	**16,511,613**
Total liabilities and equity		**263,852,057**	**179,193,091**

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 31,2016

	Notes	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Interest and similar income		19,144,218	14,765,337
Interest and similar expense		(9,126,512)	(6,650,008)
Net interest income	6	**10,017,706**	**8,115,329**
Fee and commission income		1,965,529	1,885,544
Fee and commission expense		(417,573)	(299,696)
Net fee and commission income	7	**1,547,956**	**1,585,848**
Dividend income	8	34,236	35,062
Net trading income	9	1,315,182	710,398
Profits on financial investments	22	32,121	270,998
Administrative expenses	10	(2,432,652)	(2,028,404)
Other operating (expenses) income	11	(1,237,187)	(523,490)
Goodwill impairment	41	(209,842)	(7,236)
Intangible assets amortization	41	(130,208)	(21,701)
Impairment charge for credit losses	12	(892,874)	(1,682,439)
Profit before income tax		**8,044,438**	**6,454,365**
Income tax expense	13	(2,017,034)	(1,949,694)
Deferred tax assets (Liabilities)	32 & 13	(76,849)	136,047
Net profit for the year		**5,950,555**	**4,640,718**
Earning per share	14		
Basic		4.56	3.56
Diluted		4.49	3.51

Hisham Ezz Al-Arab
Chairman and Managing Director

Commercial International Bank (Egypt) S.A.E

Separate cash flow for the year ended December 31,2016

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Cash flow from operating activities		
Profit before income tax	8,044,438	6,454,365
Adjustments to reconcile net profit to net cash provided by operating activities		
Fixed assets depreciation	285,381	223,510
Impairment charge for credit losses	892,874	1,682,439
Other provisions charges	150,847	135,866
Trading financial investments revaluation differences	(269,283)	353,590
Available for sale and held to maturity investments exchange revaluation differences	(2,219,961)	(96,638)
Goodwill impairment	209,842	7,236
Intangible assets amortization	130,208	21,701
Financial investments impairment charge	82,428	140,751
Utilization of other provisions	(3,696)	(5,286)
Other provisions no longer used	(78,405)	(505)
Exchange differences of other provisions	583,550	13,330
Profits from selling property, plant and equipment	(1,682)	(564)
Profits from selling financial investments	(35,193)	(163,270)
Profits (losses) from selling associates	32,793	(285,431)
Shares based payments	187,000	133,395
Impairment (Released) charges of associates	(131,799)	-
Operating profits before changes in operating assets and liabilities	**7,859,342**	**8,614,489**
Net decrease (increase) in assets and liabilities		
Due from banks	264,072	2,131,806
Treasury bills and other governmental notes	(16,057,258)	8,331,133
Trading financial assets	3,672,526	(2,474,396)
Derivative financial instruments	(2,918)	(20,247)
Loans and advances to banks and customers	(29,833,291)	(9,495,679)
Other assets	(599,879)	(1,042,543)
Goodwill	-	(217,078)
Intangible assets	-	(651,041)
Due to banks	1,408,227	469,384
Due to customers	76,595,390	33,124,989
Income tax obligations paid	(1,949,694)	(1,814,609)
Other liabilities	957,061	80,304
Net cash provided from operating activities	**42,313,578**	**37,036,512**
Cash flow from investing activities		
Proceeds from selling subsidiary and associates	176,161	334,451
Payment for purchases of property, plant, equipment and branches constructions	(560,631)	(360,587)
Proceeds from redemption of held to maturity financial investments	4,094	3,919,074
Payment for purchases of held to maturity financial investments	(1,243,669)	(4,019,548)
Payment for purchases of available for sale financial investments	(3,334,122)	(25,392,460)
Proceeds from selling available for sale financial investments	2,946,710	5,301,726
Proceeds (payments) from real estate investments	-	884,094
Net cash used in investing activities	**(2,011,457)**	**(19,333,250)**

Commercial International Bank (Egypt) S.A.E

Separate cash flow for the year ended December 31,2016 (Cont.)

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Cash flow from financing activities		
Increase (decrease) in long term loans	28,915	(111,550)
Dividend paid	(1,463,450)	(1,563,646)
Capital increase	68,057	94,748
Net cash used in financing activities	**(1,366,478)**	**(1,580,448)**
Net increase (decrease) in cash and cash equivalent during the year	38,935,643	16,122,814
Beginning balance of cash and cash equivalent	22,583,057	6,460,243
Cash and cash equivalent at the end of the year	**61,518,700**	**22,583,057**
Cash and cash equivalent comprise:		
Cash and balances with central bank	10,522,040	9,848,954
Due from banks	58,011,034	21,002,305
Treasury bills and other governmental notes	39,177,184	22,130,170
Obligatory reserve balance with CBE	(5,438,235)	(8,268,202)
Due from banks with maturities more than three months	(2,565,895)	-
Treasury bills with maturity more than three months	(38,187,428)	(22,130,170)
Total cash and cash equivalent	**61,518,700**	**22,583,057**

Commercial International Bank (Egypt) S.A.E

Separate statement of changes in shareholders' equity for the year ended 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
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)
Transferred (from) to bank risk reserve	-	-	-	-	-	522	(522)	-	-
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**

Commercial International Bank (Egypt) S.A.E

Separate statement of changes in shareholders' equity for the year ended December 31, 2016

Dec. 31, 2016	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	11,470,603	803,355	1,518,525	30,214	(2,202,463)	2,513	4,640,718	248,148	16,511,613
Capital increase	68,057	-	-	-	-	-	-	-	68,057
Transferred to reserves	-	232,008	3,035,878	564	-	-	(3,176,762)	(91,688)	-
Dividend paid	-	-	-	-	-	-	(1,463,450)	-	(1,463,450)
Net profit for the year	-	-	-	-	-	-	5,950,555	-	5,950,555
Net unrealised gain/(loss) on AFS	-	-	-	-	22,219	-	-	-	22,219
Transferred (from) to bank risk reserve	-	-	-	-	-	506	(506)	-	-
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	187,000	187,000
Balance at the end of the year	**11,538,660**	**1,035,363**	**4,554,403**	**30,778**	**(2,180,244)**	**3,019**	**5,950,555**	**343,460**	**21,275,994**

Notes to the separate financial statements for the year ended December 31, 2016

1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 168 branches, and 24 units employing 6422 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 year ended on December 31, 2016 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

1.2.1 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

1.4.1. 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	3/5 years.
Typewriters, calculators and air-conditions	5 years
Vehicles	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.

When presenting discontinued operations in the income statement, the comparative figures should be adjusted as if the operations had been discontinued in the comparative period.

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:

	December 31, 2016		December 31, 2015	
Bank's rating	Loans and advances (%)	Impairment provision (%)	Loans and advances (%)	Impairment provision (%)
1-Performing loans	68.52	13.78	82.27	30.70
2-Regular watching	18.29	19.53	9.32	12.97
3-Watch list	6.49	16.81	4.43	21.78
4-Non-Performing loans	6.70	49.88	3.98	34.55

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 to 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, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Treasury bills and other governmental notes	39,216,387	22,130,170
Trading financial assets:		
- Debt instruments	1,933,420	5,504,524
Gross loans and advances to banks	161,451	48,342
Less:Impairment provision	(1,800)	(9,899)
Gross loans and advances to customers		
Individual:		
- Overdraft	1,901,875	1,583,233
- Credit cards	2,423,125	2,001,159
- Personal loans	10,745,352	8,073,622
- Mortgages	306,930	298,817
- Other loans	20,838	20,881
Corporate:		
- Overdraft	13,220,464	8,936,219
- Direct loans	44,503,511	27,811,737
- Syndicated loans	24,840,803	14,088,786
- Other loans	110,382	84,402
Unamortized bills discount	(5,533)	(14,375)
Impairment provision	(9,818,007)	(4,709,107)
Unearned interest	(2,257,826)	(1,002,669)
Derivative financial instruments	269,269	80,995
Financial investments:		
-Debt instruments	58,601,911	54,818,500
- Investments in associates	10,500	12,600
Total	**186,183,052**	**139,757,937**
Off balance sheet items exposed to credit risk		
Financial guarantees	2,832,705	2,741,310
Customers acceptances	650,607	504,774
Letters of credit (import and export)	2,382,849	862,279
Letter of guarantee	65,575,370	29,640,729
Total	**71,441,531**	**33,749,092**

The above table represents the Bank's Maximum exposure to credit risk on December 31, 2016, before taking into account any held collateral.

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

As shown above, 46.42% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represent 32.51%.

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

- 86.81% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- 93.30% of loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed individualy are valued EGP thousands 6,585,667.
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on December 31, 2016.
- 95.33% of the investments in debt Instruments are Egyptian sovereign instruments.

3.1.6. Loans and advances

Loans and advances are summarized as follows:

	Dec. 31, 2016 EGP Thousands		Dec. 31, 2015 EGP Thousands	
	Loans and advances to customers	**Loans and advances to banks**	**Loans and advances to customers**	**Loans and advances to banks**
Neither past due nor impaired	86,354,393	161,451	56,649,081	27,567
Past due but not impaired	5,133,220	-	3,765,257	-
Individually impaired	6,585,667	-	2,484,518	20,775
Gross	**98,073,280**	**161,451**	**62,898,856**	**48,342**
Less:				
Impairment provision	9,818,007	1,800	4,709,107	9,899
Unamortized bills discount	5,533	-	14,375	-
Unearned interest	2,257,826	-	1,002,669	-
Net	**85,991,914**	**159,651**	**57,172,705**	**38,443**

Impairment provision losses for loans and advances reached EGP 9,819,807 thousand.

During the year, the Bank's total loans and advances increased by 5% representing actual increase after eliminating the devaluation impact.

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

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

Dec. 31, 2016 — **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	1,784,301	2,312,458		296,473	10,047,670	22,692,882	18,424,107	100,340	65,795,514	159,651
Regular watching	75,133	51,696	227,952	-	1,000,619	10,215,887	4,470,640	7,598	16,049,525	-
Watch list	13,589	19,202	85,313	-	352,793	4,251,195	-	-	4,722,092	-
Non-performing loans	17,686	14,713	104,211	2,657	477,372	901,320	170,183	-	1,688,142	-
Total	**1,890,709**	**2,398,069**	**10,554,759**	**299,130**	**11,878,454**	**38,061,284**	**23,064,930**	**107,938**	**88,255,273**	**159,651**

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	7,662,663	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**

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, 2016	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Past due up to 30 days	582,120	422,066	24,732	751	1,029,669	400,439	2,522,360	43,878	2,966,677
Past due 30 - 60 days	75,290	54,952	14,679	66	144,987	74,593	55,022	-	129,615
Past due 60-90 days	13,801	22,964	9,382	21	46,168	423,474	392,630	-	816,104
Total	**671,211**	**499,982**	**48,793**	**838**	**1,220,824**	**898,506**	**2,970,012**	**43,878**	**3,912,396**

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**

Individually impaired loans
Loans and advances individually assessed without taking into consideration cash flows from guarantees are totaled EGP 6,585,667 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, 2016	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Total
Individually impaired loans	26,350	25,180	248,302	7,479	20,838	1,368,375	3,569,454	1,319,689	**6,585,667**

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**

Loans and advances restructured

Restructuring activities include rescheduling arrangements, applying obligatory management programs, modifying 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, which indicate that payment will most likely continue. Restructuring is commonly applied to term loans, specially customer loans. Renegotiated loans totaled at the end of the year:

	Dec. 31, 2016	Dec. 31, 2015
Loans and advances to customer		
Corporate		
- Direct loans	7,771,415	3,126,928
Total	**7,771,415**	**3,126,928**

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 year, based on Standard & Poor's ratings or their equivalent:

EGP Thousands

Dec. 31, 2016	Treasury bills and other gov. notes	Trading financial debt instruments	Non-trading financial debt instruments	Total
AAA	-	-	72,175	**72,175**
AA- to AA+	-	-	335,898	**335,898**
A- to A+	-	-	2,103,699	**2,103,699**
Lower than A-	-	-	2,197,716	**2,197,716**
Unrated	39,177,184	1,933,420	53,892,423	**95,003,027**
Total	**39,177,184**	**1,933,420**	**58,601,911**	**99,712,515**

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, 2016	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Treasury bills and other governmental notes	39,216,387	-	-	**39,216,387**
Trading financial assets:				
- Debt instruments	1,933,420	-	-	**1,933,420**
Gross loans and advances to banks	161,451	-	-	**161,451**
Less:Impairment provision	(1,800)	-	-	**(1,800)**
Gross loans and advances to customers				
Individual:				
- Overdrafts	1,079,308	610,432	212,135	**1,901,875**
- Credit cards	1,966,055	389,788	67,282	**2,423,125**
- Personal loans	6,853,463	3,245,954	645,935	**10,745,352**
- Mortgages	245,530	54,338	7,062	**306,930**
- Other loans	-	20,838	-	**20,838**
Corporate:				
- Overdrafts	10,567,240	1,931,226	721,998	**13,220,464**
- Direct loans	31,427,313	11,029,913	2,046,285	**44,503,511**
- Syndicated loans	21,312,520	3,245,102	283,181	**24,840,803**
- Other loans	82,382	28,000	-	**110,382**
Unamortized bills discount	(5,533)	-	-	**(5,533)**
Impairment provision	(9,818,007)	-	-	**(9,818,007)**
Unearned interest	(1,669,204)	(483,152)	(105,470)	**(2,257,826)**
Derivative financial instruments	269,269	-	-	**269,269**
Financial investments:				
-Debt instruments	58,601,911	-	-	**58,601,911**
- Investments in associates	10,500	-	-	**10,500**
Total	**162,232,205**	**20,072,439**	**3,878,408**	**186,183,052**

3.1.8.2. Industry sectors

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

EGP Thousands

Dec.31, 2016	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Treasury bills and other governmental notes	-	-	-	-	39,216,387	-	-	**39,216,387**
Trading financial assets:			-					
- Debt instruments	-	-	-	-	1,933,420	-	-	**1,933,420**
Gross loans and advances to banks	161,451	-	-	-	-	-	-	**161,451**
Less:Impairment provision	(1,800)	-	-	-	-	-	-	**(1,800)**
Gross loans and advances to customers								
Individual:								
- Overdrafts	-	-	-	-	-	-	1,901,875	**1,901,875**
- Credit cards	-	-	-	-	-	-	2,423,125	**2,423,125**
- Personal loans	-	-	-	-	-	-	10,745,352	**10,745,352**
- Mortgages	-	-	-	-	-	-	306,930	**306,930**
- Other loans	-	-	-	-	-	-	20,838	**20,838**
Corporate:								
- Overdrafts	147,328	5,294,166	1,176,583	663,838	1,204,861	4,733,688	-	**13,220,464**
- Direct loans	751,342	20,125,913	189,348	875,430	3,405,137	19,156,341	-	**44,503,511**
- Syndicated loans	181,240	12,625,703	460,604	-	9,838,108	1,735,148	-	**24,840,803**
- Other loans	2,343	108,039	-	-	-	-	-	**110,382**
Unamortized bills discount	(5,533)	-	-	-	-	-	-	**(5,533)**
Impairment provision	(24,313)	(4,482,465)	(12,341)	(101,425)	(45,807)	(4,884,247)	(267,409)	**(9,818,007)**
Unearned interest	(480)	(734,605)	-	(3,955)	-	(1,518,786)	-	**(2,257,826)**
Derivative financial instruments	269,269	-	-	-	-	-	-	**269,269**
Financial investments:								
-Debt instruments	2,511,772	-	-	-	56,090,139	-	-	**58,601,911**
- Investments in associates	10,500	-	-	-	-	-	-	**10,500**
Total	**4,003,119**	**32,936,751**	**1,814,194**	**1,433,888**	**111,642,245**	**19,222,144**	**15,130,711**	**186,183,052**

3.2. Market risk

Market risk represents as fluctuations in fair value, future cash flow, foreign exchange rates and commodity prices, interest rates, credit spreads and equity prices, and it may reduce the Bank's income or the value of its portfolios. The bank assigns the market risk management department to measure, monitor and control the market risk. In addition, regular reports are submitted to the Asset and Liability"Management Committee (ALCO), Board Risk Committee and the heads of each business unit.

The bank separates exposures to market risk into trading or non-trading portfolios.

Trading portfolios include positions arising from market-making, position taking and 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 and 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 assesses 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 VaR Limits, for the 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, however, it 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, the bankcomputes on a daily basis trading Stressed VaR, combined with the trading 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, 2016			Dec. 31, 2015		
	Medium	**High**	**Low**	**Medium**	**High**	**Low**
Foreign exchange risk	31,561	300,218	276	248	1,894	5
Interest rate risk	**365,258**	**1,028,396**	**112,744**	**157,097**	**258,851**	**96,690**
- For non trading purposes	340,853	973,882	102,443	134,436	217,625	88,109
- For trading purposes	24,405	54,514	10,301	22,661	41,227	8,581
Portfolio managed by others risk	4,775	10,341	2,682	5,072	7,426	2,689
Investment fund	392	643	264	361	492	287
Total VaR	**381,247**	**1,193,075**	**113,480**	**156,811**	**257,954**	**96,562**

Trading portfolio VaR by risk type

	Dec. 31, 2016			Dec. 31, 2015		
	Medium	**High**	**Low**	**Medium**	**High**	**Low**
Foreign exchange risk	31,561	300,218	276	248	1,894	5
Interest rate risk	24,405	54,514	10,301	22,661	41,227	8,581
- For trading purposes	24,405	54,514	10,301	22,661	41,227	8,581
Funds managed by others risk	4,775	10,341	2,682	5,072	7,426	2,689
Investment fund	392	643	264	361	492	287
Total VaR	**51,651**	**335,888**	**11,285**	**23,462**	**41,655**	**11,345**

Non trading portfolio VaR by risk type

	Dec. 31, 2016			Dec. 31, 2015		
	Medium	**High**	**Low**	**Medium**	**High**	**Low**
Interest rate risk						
- For non trading purposes	340,853	973,882	102,443	134,436	217,625	88,109
Total VaR	**340,853**	**973,882**	**102,443**	**134,436**	**217,625**	**88,109**

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 exchange rate risk and financial instruments at carrying amounts, categorized by currency.

Equivalent EGP Thousands

Dec. 31, 2016	**EGP**	**USD**	**EUR**	**GBP**	**Other**	**Total**
Financial assets						
Cash and balances with central bank	6,717,875	3,348,337	288,428	72,849	94,551	**10,522,040**
Due from banks	24,091,475	26,223,227	6,578,352	820,495	297,485	**58,011,034**
Treasury bills and other governmental notes	27,521,897	12,514,379	1,337,601	-	-	**41,373,877**
Trading financial assets	2,445,134	-	-	-	-	**2,445,134**
Gross loans and advances to banks	-	161,451	-	-	-	**161,451**
Gross loans and advances to customers	42,941,757	52,235,498	2,474,259	115,024	306,742	**98,073,280**
Derivative financial instruments	262,398	6,871	-	-	-	**269,269**
Financial investments						
- Available for sale	1,497,069	3,950,222	-	-	-	**5,447,291**
- Held to maturity	53,924,936	-	-	-	-	**53,924,936**
Investments in associates	10,500	-	-	-	-	**10,500**
Total financial assets	**159,413,041**	**98,439,985**	**10,678,640**	**1,008,368**	**698,778**	**270,238,812**
Financial liabilities						
Due to banks	2,631,353	285,468	14,435	17,021	60,719	**3,008,996**
Due to customers	131,437,810	89,083,074	10,051,523	984,837	408,068	**231,965,312**
Derivative financial instruments	239,883	91,208	-	-	-	**331,091**
Long term loans	160,243	-	-	-	-	**160,243**
Total financial liabilities	**134,469,289**	**89,459,750**	**10,065,958**	**1,001,858**	**468,787**	**235,465,642**
Net on-balance sheet financial position	**24,943,752**	**8,980,235**	**612,682**	**6,510**	**229,991**	**34,773,170**

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 the bank's Risk Management Department.

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

Dec. 31, 2016	**Up 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	-	-	-	-	-	10,522,040	**10,522,040**
Due from banks	34,129,196	16,306,169	7,575,636	-	-	33	**58,011,034**
Treasury bills and other governmental notes*	3,988,539	4,614,183	32,771,155	-	-	-	**41,373,877**
Trading financial assets	210,383	221,987	126,111	1,192,101	362,995	331,557	**2,445,134**
Gross loans and advances to banks	23,409	57,093	80,949	-	-	-	**161,451**
Gross loans and advances to customers	54,977,665	15,258,356	18,453,189	7,763,724	1,620,346	-	**98,073,280**
Derivatives financial instruments (including IRS notional amount)	854,063	564,788	4,792,125	10,650,921	493,196	6,871	**17,361,964**
Financial investments							
- Available for sale	2,106,096	-	48,968	2,698,548	32,880	560,799	**5,447,291**
- Held to maturity	4,044,117	3,295,916	6,669,361	29,628,346	10,287,196	-	**53,924,936**
Investments in associates	-	-	-	-	-	10,500	**10,500**
Total financial assets	**100,333,468**	**40,318,492**	**70,517,494**	**51,933,640**	**12,796,613**	**11,431,800**	**287,331,507**
Financial liabilities							
Due to banks	2,463,533	-	-	-	-	545,463	**3,008,996**
Due to customers	86,564,984	23,089,594	20,878,127	62,657,249	1,708,675	37,066,683	**231,965,312**
Derivatives financial instruments (including IRS notional amount)	6,817,163	9,819,461	20,093	675,861	-	91,208	**17,423,786**
Long term loans	49,862	11,298	84,614	14,469	-	-	**160,243**
Total financial liabilities	**95,895,542**	**32,920,353**	**20,982,834**	**63,347,579**	**1,708,675**	**37,703,354**	**252,558,337**
Total interest re-pricing gap	**4,437,926**	**7,398,139**	**49,534,660**	**(11,413,939)**	**11,087,938**	**(26,271,554)**	**34,773,170**

** After adding reverse repos and deducting repos.*

3.3. Liquidity risk

Liquidity risk occurs when the Bank does not have sufficient financial resources to meet its obligations arising from its financial liabilities as they fall due or to replace funds when they are withdrawn. Consequently, the bank may fail to meet obligations to repay depositors and fulfill lending commitments.

3.3.1. Liquidity risk management process

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

- Maintaining 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 CBE 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, measured by the remaining contractual maturities and the maturities assumption for non contractual products are based on there behavior studies.

Dec. 31, 2016	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP Thousands
Financial liabilities						
Due to banks	3,008,996	-	-	-	-	**3,008,996**
Due to customers	30,451,687	24,495,657	55,763,261	108,564,259	12,690,448	**231,965,312**
Long term loans	49,862	11,298	84,614	14,469	-	**160,243**
Total liabilities (contractual and non contractual maturity dates)	**33,510,545**	**24,506,955**	**55,847,875**	**108,578,728**	**12,690,448**	**235,134,551**
Total financial assets (contractual and non contractual maturity dates)	**63,513,318**	**35,561,586**	**67,012,053**	**81,180,812**	**23,129,786**	**270,397,555**

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**

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, 2016	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total
Liabilities						
Derivatives financial instruments						
- Foreign exchange derivatives	166,787	73,096	-	-	-	**239,883**
- Interest rate derivatives	-	286	11,375	79,547	-	**91,208**
Total	**166,787**	**73,382**	**11,375**	**79,547**	-	**331,091**

Off balance sheet items

Dec. 31, 2016	Up to 1 year	1-5 years	Over 5 years	EGP Thousands Total
Letters of credit, guarantees and other commitments	42,110,948	19,714,615	6,783,263	**68,608,826**
Total	**42,110,948**	**19,714,615**	**6,783,263**	**68,608,826**

Dec. 31, 2016	Up to 1 year	1-5 years	EGP Thousands Total
Credit facilities commitments	1,997,899	5,247,162	**7,245,061**
Total	**1,997,899**	**5,247,162**	**7,245,061**

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, 2016	**Dec. 31, 2015**	**Dec. 31, 2016**	**Dec. 31, 2016**
Financial assets				
Due from banks	58,011,034	21,002,305	58,011,034	21,002,305
Gross loans and advances to banks	161,451	48,342	161,451	48,342
Gross loans and advances to customers				
- Individual	15,398,120	11,977,712	14,148,833	11,292,972
- Corporate	82,675,160	50,921,144	65,854,436	49,738,382
Financial investments				
Held to Maturity	53,924,936	9,261,220	57,393,464	8,864,356
Total financial assets	**210,170,701**	**93,210,723**	**195,569,218**	**90,946,357**
Financial liabilities				
Due to banks	3,008,996	1,600,769	3,008,996	1,600,769
Due to customers	231,965,312	155,369,922	175,297,049	151,400,615
Long term loans	160,243	131,328	160,243	131,328
Total financial liabilities	**235,134,551**	**157,102,019**	**178,466,288**	**153,132,712**

Due from banks

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

Loans and advances to banks

Loans and advances to banks are represented in loans that do not consider 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, and available for sale assets that 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:
- Complying with the legally imposed capital requirements in Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling the generation of 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 comprises 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:
Tier two represents the gone concern capital which is composed of general risk provision according to the impairment provision guidelines issued by the Central Bank of Egypt 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 Tier 1.

Assets risk weight scale ranging from zero to 100% is based on the counterparty risk to reflect the related credit risk scheme, taking into consideration the cash collateral. Similar criteria are used for off balance sheet items after adjustments 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 summarize the compositions of Teir 1, Teir 2 , the capital adequacy ratio and leverage ratio .

1-The capital adequacy ratio

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Tier 1 capital		Restated**
Share capital (net of the treasury shares)	11,538,660	11,470,603
Goodwill	(22,981)	(209,842)
Reserves	5,756,206	5,755,642
Retained Earnings (Losses)	31,462	-
Total deductions from tier 1 capital common equity	(2,793,403)	(2,666,248)
Total qualifying tier 1 capital	**14,509,944**	**14,350,155**
Tier 2 capital		
45% of special reserve	49	49
45% of foreign currencies translation differences	3,865	-
45% of the Increase in fair value than the book value for available for sale and held to maturity investments	-	13,957
Impairment provision for loans and regular contingent liabilities	1,606,644	**991,210**
Total qualifying tier 2 capital	**1,610,558**	**1,005,216**
Total capital 1+2	**16,120,502**	15,355,371
Risk weighted assets and contingent liabilities		
Total credit risk	128,698,992	79,363,222
Total market risk	6,701,579	4,030,779
Total operational risk	14,696,762	**12,225,993**
Total	**150,097,333**	**95,619,994**
***Capital adequacy ratio (%)**	**10.74%**	**16.06%**

**Based on consolidated financial statement figures and in accordance with Central Bank of Egypt regulation issued on 24 December 2012.*
***After 2015 profit distribution.*

After the approval of appropriation account for the year 2016, The capital adequacy ratio will reach 13.97%

2-Leverage ratio

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Total qualifying tier 1 capital	**14,509,944**	**14,350,155**
On-balance sheet items & derivatives	271,962,373	182,221,419
Off-balance sheet items	41,080,543	23,224,714
Total exposures	**313,042,916**	**205,446,133**
***Percentage**	**4.64%**	**6.98%**

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

4. Critical accounting estimates and judgments
The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year.

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and available information.

4.1. Impairment losses on loans and advances
The Bank reviews its loan portfolios to assess impairment on monthly and 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 the availability of 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 indicate that there has been an adverse change in the payment status of borrowers in the 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. These valuation techniques (as models) 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. For practicality purposes, 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 as held to maturity. This requires significant judgment, in which 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 four 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 – Including other banking business, such as Assets Management.
- Transactions between the business segments are on normal commercial terms and conditions.

EGP Thousands

Dec. 31, 2016	Corporate banking	SMEs	Investment banking	Retail banking	Asset Liability Management	Total
Revenue according to business segment	5,118,246	1,558,634	2,277,759	3,017,976	**201,808**	**12,174,423**
Expenses according to business segment	(2,327,301)	(475,389)	(53,393)	(1,268,235)	**(5,667)**	**(4,129,985)**
Profit before tax	**2,790,945**	**1,083,245**	**2,224,366**	**1,749,741**	**196,141**	**8,044,438**
Tax	(726,472)	(281,954)	(578,971)	(455,433)	**(51,053)**	**(2,093,883)**
Profit for the year	**2,064,473**	**801,291**	**1,645,395**	**1,294,308**	**145,088**	**5,950,555**
Total assets	**103,794,642**	**4,264,036**	**101,472,259**	**15,011,250**	**39,309,870**	**263,852,057**

Dec. 31, 2015	Corporate banking	SMEs	Investment banking	Retail banking	Asset Liability Management	Total
Revenue according to business segment	5,076,710	916,342	2,248,793	2,465,783	**246,862**	**10,954,490**
Expenses according to business segment	(3,059,901)	(209,692)	(93,958)	(1,134,143)	**(2,431)**	**(4,500,125)**
Profit before tax	**2,016,809**	**706,650**	**2,154,835**	**1,331,640**	**244,431**	**6,454,365**
Tax	(566,713)	(198,566)	(605,499)	(374,185)	(68,684)	(1,813,647)
Profit for the year	**1,450,096**	**508,084**	**1,549,336**	**957,455**	**175,747**	**4,640,718**
Total assets	**52,915,471**	**2,800,385**	**84,044,508**	**10,401,499**	**29,031,228**	**179,193,091**

5.2. By geographical segment

EGP Thousands

Dec. 31, 2016	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	10,883,293	1,104,147	186,983	**12,174,423**
Expenses according to geographical segment	(3,464,852)	(499,518)	(165,615)	**(4,129,985)**
Profit before tax	7,418,441	604,629	21,368	**8,044,438**
Tax	(1,930,944)	(157,377)	(5,562)	**(2,093,883)**
Profit for the year	**5,487,497**	**447,252**	**15,806**	**5,950,555**
Total assets	**237,224,923**	**21,740,165**	**4,886,969**	**263,852,057**

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**

6. Net interest income

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Interest and similar income		
- Banks	2,568,172	366,302
- Clients	6,656,743	5,147,557
Total	**9,224,915**	**5,513,859**
Treasury bills and bonds	9,794,089	9,154,619
Reverse repos	-	2,338
Financial investments in held to maturity and available for sale debt instruments	125,214	94,521
Total	**19,144,218**	**14,765,337**
Interest and similar expense		
- Banks	(115,577)	(79,801)
- Clients	(9,010,782)	(6,561,613)
Total	(9,126,359)	(6,641,414)
Financial instruments purchased with a commitment to re-sale (Repos)	(153)	(7,762)
Other	-	(832)
Total	**(9,126,512)**	**(6,650,008)**
Net interest income	**10,017,706**	**8,115,329**

7. Net fee and commission income

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Fee and commission income		
Fee and commissions related to credit	965,388	1,041,382
Custody fee	69,967	73,268
Other fee	930,174	770,894
Total	**1,965,529**	**1,885,544**
Fee and commission expense		
Other fee paid	(417,573)	(299,696)
Total	**(417,573)**	**(299,696)**
Net income from fee and commission	**1,547,956**	**1,585,848**

8. Dividend income

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Trading securities	5,045	4,060
Available for sale securities	29,191	31,002
Total	**34,236**	**35,062**

9. Net trading income

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Profit (losses) from foreign exchange	603,565	214,574
Profit (Loss) from forward foreign exchange deals revaluation	12,947	3,024
Profit (Loss) from interest rate swaps revaluation	(15,055)	(9,240)
Profit (Loss) from currency swap deals revaluation	38,472	7,752
Trading debt instruments	675,253	494,288
Total	1,315,182	710,398

10. Administrative expenses

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
1.Staff costs		
Wages and salaries	(1,188,799)	(993,761)
Social insurance	(50,542)	(54,836)
Other benefits	(44,146)	(37,328)
2.Other administrative expenses	**(1,149,165)**	**(942,479)**
Total	**(2,432,652)**	**(2,028,404)**

11. Other operating (expenses) income

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Profits from non-trading assets and liabilities revaluation	(682,556)	42,062
Profits from selling property, plant and equipment	1,682	564
Release (charges) of other provisions	(72,442)	(135,361)
Other income/expenses	(483,871)	(430,755)
Total	**(1,237,187)**	**(523,490)**

12. Impairment charge for credit losses

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Loans and advances to customers	(892,874)	(1,682,439)
Total	**(892,874)**	**(1,682,439)**

13. Adjustments to calculate the effective tax rate

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Profit after settlement	8,044,438	6,454,365
Tax rate	22.50%	22.50%
Income tax based on accounting profit	**1,809,999**	**1,452,232**
Add / (Deduct)		
Non-deductible expenses	939,873	278,391
Tax exemptions	(113,627)	(99,540)
Effect of provisions	(588,519)	186,533
Depreciation	43,144	(6,536)
10% Withholding tax	3,013	2,567
Income tax / Deferred tax	**2,093,883**	**1,813,647**
Effective tax rate	**26.03%**	**28.10%**

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

14. Earning per share

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Net profit for the year, available for distribution	5,948,258	4,639,648
Board member's bonus	(89,224)	(69,595)
Staff profit sharing	(594,826)	(463,965)
Profits shareholders' Stake	**5,264,208**	**4,106,088**
Average number of shares	1,153,866	1,153,866
Basic earning per share	**4.56**	**3.56**
By issuance of ESOP earning per share will be:		
Average number of shares including ESOP shares	1,171,428	1,170,567
Diluted earning per share	**4.49**	**3.51**

15. Cash and balances with central bank

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Cash	5,083,805	1,580,752
Obligatory reserve balance with CBE		
- Current accounts	5,438,235	8,268,202
Total	**10,522,040**	**9,848,954**
Non-interest bearing balances	**10,522,040**	**9,848,954**

16. Due from banks

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Current accounts	4,090,352	1,386,078
Deposits	53,920,682	19,616,227
Total	**58,011,034**	**21,002,305**
Central banks	37,447,892	14,121,507
Local banks	204,309	3,263,306
Foreign banks	20,358,833	3,617,492
Total	**58,011,034**	**21,002,305**
Non-interest bearing balances	33	353,197
Fixed interest bearing balances	58,011,001	20,649,108
Total	**58,011,034**	**21,002,305**
Current balances	58,011,034	21,002,305

17. Treasury bills and other governmental notes

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
91 Days maturity	1,051,375	-
182 Days maturity	4,350,975	7,600
364 Days maturity	36,010,730	22,993,553
Unearned interest	(2,196,693)	(870,983)
Total 1	**39,216,387**	**22,130,170**
Repos - treasury bills	(39,203)	-
Total 2	**(39,203)**	-
Net	**39,177,184**	**22,130,170**

18. Trading financial assets

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Debt instruments		
- Governmental bonds	1,933,420	5,504,524
Total	**1,933,420**	**5,504,524**
Equity instruments		
- Mutual funds	180,157	157,336
Total	**180,157**	**157,336**
- Portfolio managed by others	331,557	186,517
Total	**2,445,134**	**5,848,377**

19. Loans and advances to banks, net

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Time and term loans	161,451	48,342
Less: Impairment provision	(1,800)	(9,899)
Total	**159,651**	**38,443**
Current balances	110,053	3,090
Non-current balances	49,598	35,353
Total	**159,651**	**38,443**

Analysis for impairment provision of loans and advances to banks

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Beginning balance	(9,899)	(14,582)
Release during the year	20,368	4,902
Exchange revaluation difference	(12,269)	(219)
Ending balance	**(1,800)**	**(9,899)**

20. Loans and advances to customers, net

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Individual		
- Overdraft	1,901,875	1,583,233
- Credit cards	2,423,125	2,001,159
- Personal loans	10,745,352	8,073,622
- Real estate loans	306,930	298,817
- Other loans	20,838	20,881
Total 1	**15,398,120**	**11,977,712**
Corporate		
- Overdraft	13,220,464	8,936,219
- Direct loans	44,503,511	27,811,737
- Syndicated loans	24,840,803	14,088,786
- Other loans	110,382	84,402
Total 2	**82,675,160**	**50,921,144**
Total Loans and advances to customers (1+2)	**98,073,280**	**62,898,856**
Less:		
Unamortized bills discount	(5,533)	(14,375)
Impairment provision	(9,818,007)	(4,709,107)
Unearned interest	(2,257,826)	(1,002,669)
Net loans and advances to customers	**85,991,914**	**57,172,705**
Distributed to		
Current balances	36,671,277	25,011,678
Non-current balances	49,320,637	32,161,027
Total	**85,991,914**	**57,172,705**

Analysis for impairment provision of loans and advances to customers

	Individual					
Dec. 31, 2016	**Overdraft**	**Credit cards**	**Personal loans**	**Real estate loans**	**Other loans**	**Total**
Beginning balance	(11,835)	(26,985)	(135,339)	(10,192)	(20,881)	**(205,232)**
Released (charged) released during the year	669	(20,366)	(55,022)	2,391	43	**(72,285)**
Write off during the year	-	37,099	6	-	-	**37,105**
Recoveries during the year	-	(14,804)	(237)	-	-	**(15,041)**
Ending balance	**(11,166)**	**(25,056)**	**(190,592)**	**(7,801)**	**(20,838)**	**(255,453)**

	Corporate				
Dec. 31, 2016	**Overdraft**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
Beginning balance	(589,620)	(2,888,702)	(1,024,226)	(1,327)	**(4,503,875)**
Released (charged) released during the year	(132,021)	(1,206,476)	498,657	(1,117)	**(840,957)**
Write off during the year	-	71,767	-	-	**71,767**
Recoveries during the year	-	(33,221)	-	-	**(33,221)**
Exchange revaluation difference	(620,369)	(2,385,595)	(1,250,304)	-	**(4,256,268)**
Ending balance	**(1,342,010)**	**(6,442,227)**	**(1,775,873)**	**(2,444)**	**(9,562,554)**

Dec. 31, 2015	Individual 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)**
Released (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)**

Dec. 31, 2015	Corporate Overdraft	Direct loans	Syndicated loans	Other loans	Total
Beginning balance	(491,763)	(2,172,426)	(644,225)	(4,850)	**(3,313,264)**
Released (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)**

21. Derivative financial instruments

21.1. Derivatives

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

Forward contracts represent commitments to buy foreign and local currencies including unexecuted spot transactions. Future contracts for foreign currencies and/or interest rates represent contractual commitments to receive or pay net on the basis of changes in foreign exchange rates or interest rates, and/or to buy/sell 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 contract represents future exchange rate contracts negotiated for case by case, These contracts require 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 are 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 in order 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 represent contractual agreements for the buyer (issuer) to the seller (holders) as a right not an obligation whether to buy (buy option) or sell (sell option) at a certain day or within certain period for a predetermined 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 is 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 is considered a base to analyze the realized financial instruments on the balance sheet, but it doesn't provide an indicator for the projected cash flows of the fair value for current instruments, and those amounts don't reflects credit risk or interest rate risk.

Derivatives in the Bank's benefit that are classified as (assets) are conversely considered (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 as well as the range through which the financial derivatives can be in benefit for 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, 2016			Dec. 31, 2015		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Foreign currencies derivatives						
- Forward foreign exchange contracts	2,174,176	182,508	178,479	972,438	16,766	25,683
- Currency swap	2,662,940	79,890	61,404	3,448,349	51,258	71,244
- Options	-	-	-	26,830	47	47
Total 1		**262,398**	**239,883**		**68,071**	**96,974**
Interest rate derivatives						
- Interest rate swaps	34,706	144	-	14,687	395	-
Total 2		**144**	**-**		**395**	**-**
Total assets (liabilities) for trading derivatives (1+2)		**262,542**	**239,883**		**68,466**	**96,974**

21.1.2. Fair value hedge

EGP Thousands

	Dec. 31, 2016			Dec. 31, 2015		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate derivatives						
- Governmental debt instruments hedging	675,861	-	45,629	286,014	-	26,296
- Customers deposits hedging	16,382,128	6,727	45,579	7,965,211	12,529	22,465
Total 3		**6,727**	**91,208**		**12,529**	**48,761**
Total financial derivatives (1+2+3)		**269,269**	**331,091**		**80,995**	**145,735**

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 45,629 thousand at December 31, 2016 against EGP 26,296 thousand at the December 31, 2015, Resulting in losses form hedging instruments at December 31, 2016 EGP 19,333 thousand against net gains EGP 37,106 thousand at the December 31, 2015. Net losses arose from the hedged items at December 31, 2016 reached EGP 30.579 thousand against EGP 48,941 thousand at December 31, 2015.

The Bank uses interest rate swap contracts to cover part of the risk of potential increase in fair value of its fixed rate customer deposits in foreign currencies. Net derivative value resulting from the related hedging instruments is EGP 38,852 thousand at the end of December 31, 2016 against EGP 9,936 thousand at December 31, 2015, resulting in net losses from hedging instruments at December 31, 2016 of EGP 28,916 thousand against net losses of EGP 26,618 thousand at December 31, 2015. Gains arose from the hedged items at December 31, 2016 reached EGP 56,314 thousand against gains EGP 27,540 thousand at December 31 , 2015.

22. Financial investments

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Available for sale		
- Listed debt instruments with fair value	4,709,487	45,589,793
- Listed equity instruments with fair value	97,631	28,496
- Unlisted instruments	640,173	670,786
Total	**5,447,291**	**46,289,075**
Held to maturity		
- Listed debt instruments	53,892,423	9,228,707
- Unlisted instruments	32,513	32,513
Total	**53,924,936**	**9,261,220**
Total financial investment	**59,372,227**	**55,550,295**
- Actively traded instruments	57,097,553	53,957,991
- Not actively traded instruments	2,274,674	1,592,304
Total	**59,372,227**	**55,550,295**
Fixed interest debt instruments	56,090,139	53,244,689
Floating interest debt instruments	2,511,772	1,573,811
Total	**58,601,911**	**54,818,500**

**During 2016, an amount of EGP 43,424,141 thousands of governmental bonds has been re-classified from available-for-sale to held to maturity.*

	Available for sale financial investments	Held to maturity financial investments	Total EGP Thousands
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	(177,703)	-	**(177,703)**
Ending Balance as of Dec. 31, 2015	**46,289,075**	**9,261,220**	**55,550,295**
Beginning balance	**46,289,075**	**9,261,220**	**55,550,295**
Addition/transfer	3,334,122	44,667,810	**48,001,932**
Deduction (selling - redemptions - transfer)	(46,335,658)	(4,094)	**(46,339,752)**
Exchange revaluation differences for foreign financial assets	2,219,961	-	**2,219,961**
Profit (losses) from fair value difference	42,132	-	**42,132**
Impairment charges	(102,341)	-	**(102,341)**
Ending Balance as of Dec. 31, 2016	**5,447,291**	**53,924,936**	**59,372,227**

22.1. Profits (Losses) on financial investments

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Profit (Loss) from selling available for sale financial instruments	35,193	163,270
Released (Impairment) charges of available for sale equity instruments	(102,341)	(177,703)
Profit (Loss) from selling investments in associates	(32,793)	285,431
Released (Impairment) charges of associates	131,799	-
Profit (Loss) from selling held to maturity debt investments	263	-
Total	**32,121**	**270,998**

23. Investments in associates

EGP Thousands

Dec. 31, 2016	Company's country	Company's assets	Company's liabilities (without equity)	Company's revenues	Company's net profit	Investment book value	Stake %
Associates							
- International Co. for Security and Services (Falcon)	**Egypt**	**300,739**	**208,188**	**301,390**	**12,478**	**10,500**	**35**
Total		**300,739**	**208,188**	**301,390**	**12,478**	**10,500**	

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**	

24. Other assets

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Accrued revenues	3,330,223	2,903,149
Prepaid expenses	144,422	123,436
Advances to purchase of fixed assets	203,410	157,202
Accounts receivable and other assets	**1,691,603**	**1,547,660**
Assets acquired as settlement of debts	**56,599**	**52,569**
Insurance	**19,768**	**15,921**
Total	**5,446,025**	**4,799,937**

25. Property, plant and equipment

Dec. 31, 2016

	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total
Beginning gross assets (1)	64,709	822,646	1,192,514	70,161	483,217	415,795	131,641	**3,180,683**
Additions during the year	-	114,336	203,124	17,499	124,556	43,777	12,813	**516,105**
Ending gross assets (2)	**64,709**	**936,982**	**1,395,638**	**87,660**	**607,773**	**459,572**	**144,454**	**3,696,788**
Accumulated depreciation at beginning of the year (3)	-	273,768	897,584	42,250	413,848	327,697	117,631	**2,072,778**
Current year depreciation	-	41,424	131,660	5,654	54,520	44,825	7,298	**285,381**
Accumulated depreciation at end of the year (4)	-	**315,192**	**1,029,244**	**47,904**	**468,368**	**372,522**	**124,929**	**2,358,159**
Ending net assets (2-4)	**64,709**	**621,790**	**366,394**	**39,756**	**139,405**	**87,050**	**19,525**	**1,338,629**
Beginning net assets (1-3)	**64,709**	**548,878**	**294,930**	**27,911**	**69,369**	**88,098**	**14,010**	**1,107,905**
Depreciation rates		**%5**	**%33.3**	**%20**	**%33.3**	**%20**	**%20**	

Net fixed assets value on the balance sheet date includes EGP 258,773 thousand non registered assets while their registrations procedures are in process.

26. Due to banks

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Current accounts	271,470	224,002
Deposits	2,737,526	1,376,767
Total	**3,008,996**	**1,600,769**
Central banks	163,420	816,844
Local banks	2,636,009	271,845
Foreign banks	209,567	512,080
Total	**3,008,996**	**1,600,769**
Non-interest bearing balances	545,463	59,127
Fixed interest bearing balances	2,463,533	1,541,642
Total	**3,008,996**	**1,600,769**
Current balances	3,008,996	1,600,769

27. Due to customers

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Demand deposits	60,293,401	43,418,352
Time deposits	57,478,218	42,996,421
Certificates of deposit	69,215,320	37,518,922
Saving deposits	38,519,158	25,790,179
Other deposits	6,459,215	5,646,048
Total	**231,965,312**	**155,369,922**
Corporate deposits	110,382,138	82,320,757
Individual deposits	121,583,174	73,049,165
Total	**231,965,312**	**155,369,922**
Non-interest bearing balances	37,066,683	26,385,328
Fixed interest bearing balances	194,898,629	128,984,594
Total	**231,965,312**	**155,369,922**
Current balances	159,717,409	115,250,582
Non-current balances	72,247,903	40,119,340
Total	**231,965,312**	**155,369,922**

During the year, the Bank's total deposits increased by 12% representing actual increase after eliminating the devaluation impact.

28. Long term loans

	Interest rate %	Maturity date	Maturing through next year	Balance on Dec. 31, 2016 EGP Thousands	Balance on Dec. 31, 2015 EGP Thousands
Financial Investment & Sector Cooperation (FISC)	3.5 - 5.5 depends on maturity date	3-5 years	1,111	2,778	3,889
Environmental Compliance Project (ECO)	3.5 - 5.5 depends on maturity date	3-5 years	-	-	550
Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	81,486	88,800	28,000
Social Fund for Development (SFD)	3 months T/D or 9% which is more	04-Jan-20	63,178	68,665	98,889
Balance			**145,775**	**160,243**	**131,328**

29. Other liabilities

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Accrued interest payable	1,455,029	763,040
Accrued expenses	645,979	586,640
Accounts payable	1,329,189	1,078,821
Other credit balances	149,133	193,768
Total	**3,579,330**	**2,622,269**

30. Other provisions

Dec. 31, 2016	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	41,324	9,630	1,456	(924)	(5,451)	46,035
Provision for Stamp Duty	31,000	-	-	-	(31,000)	-
Provision for contingent	759,173	132,845	579,997	-	(37,312)	1,434,703
Provision for other claim	23,354	8,372	2,097	(2,772)	(4,642)	26,409
Total	**861,761**	**150,847**	**583,550**	**(3,696)**	**(78,405)**	**1,514,057**

Dec. 31, 2015	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance EGP Thousands
Provision for income tax claims	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**

** Provision for other claim formed on December 31, 2016 amounted to EGP 3,730 thousand to face the potential risk of banking operations against amount EGP 8,416 thousand on December 31, 2015 .*

31. Equity

31.1. 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 11,538,660 thousand to be divided on 1,153,866 thousand shares with EGP 10 par value for each share "and registered in the commercial register dated 19th April 2016.

- Increase issued and Paid in Capital by amount EGP 68,057 thousand on April 19,2016 to reach EGP 11,538,660 thousand according to Board of Directors decision on November 10, 2015 by issuance of seventh tranche for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 2,294,121 thousand on December 10, 2015 to reach 11,470,603 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 tranche 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 tranche for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 3,000,812 thousand on December 5, 2013 according to Extraordinary General Assembly Meeting decision on July 15 ,2013 by distribution of a one share for every two outstanding shares by capitalizing on the General Reserve.
- Increase issued and Paid in Capital by amount EGP 29,348 thousand on April 7,2013 to reach EGP 6,001,624 thousand according to Board of Directors decision on October 24,2012 by issuance of fourth tranche for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 37,712 thousand on April 9, 2012 in according to Board of Directors decision on December 22,2011 by issuance of third tranche for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 33,119 thousand on July 31, 2011 in according to Board of Directors decision on November 10,2010 by issuance of second tranche for E.S.O.P program.
- 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 disbursement of this dividend, which includes staff profit share and remuneration of the Board of Directors stated in the law.

31.2. Reserves

According to The Bank status 5% of net profit is used to increase the legal reserve to reaches 50% of The Bank's issued and paid in capital.

Central Bank of Egypt concurrence for usage of special reserve is required.

32. Deferred tax assets (Liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets (Liabilities) Dec. 31, 2016 EGP Thousands	Assets (Liabilities) Dec. 31, 2015 EGP Thousands
Fixed assets (depreciation)	(28,741)	(22,367)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	16,300	14,553
Intangible Assets & Good will	17,090	3,255
Other investments impairment	86,845	123,243
Reserve for employee stock ownership plan (ESOP)	79,981	60,870
Interest rate swaps revaluation	3,722	335
Trading investment revaluation	18,338	78,927
Forward foreign exchange deals revaluation	(12,227)	(659)
Balance	**181,308**	**258,157**

33. Share-based payments

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

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

	Dec. 31, 2016 No. of shares in thousand	Dec. 31, 2015 No. of shares in thousand
Outstanding at the beginning of the year	20,373	21,872
Granted during the year	9,262	8,653
Forfeited during the year	(478)	(677)
Exercised during the year	(6,806)	(9,475)
Outstanding at the end of the year	**22,351**	**20,373**

Details of the outstanding tranches are as follows:

Maturity date	Exercise price	Fair value	No. of shares in thousand
2017	10.00	18.27	7,935
2018	10.00	31.67	5,314
2019	10.00	28.43	9,102
Total			**22,351**

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

	10th tranche	9th tranche
Exercise price	10	10
Current share price	38.09	39.35
Expected life (years)	3	3
Risk free rate %	12.40%	13.40%
Dividend yield%	2.50%	2.00%
Volatility%	31%	31%

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

34. Reserves

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Legal reserve	1,035,363	803,355
General reserve	4,554,403	1,518,525
Special reserve	30,778	30,214
Reserve for A.F.S investments revaluation difference	(2,180,244)	(2,202,463)
Banking risks reserve	3,019	2,513
Total	**3,443,319**	**152,144**

34.1. Banking risks reserve

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Beginning balance	2,513	1,991
Transferred to bank risk reserve	506	522
Ending balance	**3,019**	**2,513**

34.2. Legal reserve

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Beginning balance	803,355	621,084
Transferred from previous year profits	232,008	182,271
Ending balance	**1,035,363**	**803,355**

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

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Beginning balance	(2,202,463)	(593,237)
Unrealized losses from A.F.S investment revaluation	22,219	(1,609,226)
Ending balance	**(2,180,244)**	**(2,202,463)**

35. Cash and cash equivalent

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Cash and balances with central bank	10,522,040	9,848,954
Due from banks	58,011,034	21,002,305
Treasury bills and other governmental notes	39,177,184	22,130,170
Obligatory reserve balance with CBE	(5,438,235)	(8,268,202)
Due from banks with maturities more than three months	(2,565,895)	-
Treasury bills with maturities more than three months	(38,187,428)	(22,130,170)
Total	**61,518,700**	**22,583,057**

36. Contingent liabilities and commitments

36.1. Legal claims

There is a number of existing cases filed against the bank on December 31,2016 without provision as the bank doesn't expect to incur losses from it

36.2. Capital commitments

36.2.1. Financial investments

The capital commitments for the financial investments reached on the date of financial position EGP 36,533 thousand as follows:

	Investments value	Paid	Remaining
Available for sale financial investments	182,665	146,132	**36,533**

36.2.2. Fixed assets and branches constructions

The value of commitments for the purchase of fixed assets, contracts, and branches constructions that have not been implemented till the date of financial statement amounted to EGP 38,059 thousand.

36.3. Letters of credit, guarantees and other commitments

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Letters of guarantee	65,575,370	29,640,729
Letters of credit (import and export)	2,382,849	862,279
Customers acceptances	650,607	504,774
Total	**68,608,826**	**31,007,782**

36.4. Credit facilities commitments

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Credit facilities commitments	7,245,061	24,237,408

37. Mutual funds

Osoul fund

- CIB 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 8,454,956 with redeemed value of EGP 2,346,419 thousands.
- The market value per certificate reached EGP 277.52 on December 31, 2016.
- The Bank portion got 601,064 certificates with redeemed value of EGP 166,807 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 789,723 with redeemed value of EGP 101,937 thousands.
- The market value per certificate reached EGP 129.08 on December 31, 2016.
- The Bank portion got 194,744 certificates with redeemed value of EGP 25,138 thousands.

Aman fund (CIB and Faisal Islamic Bank Mutual Fund)

- CIB 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 459,607 with redeemed value of EGP 33,505 thousands.
- The market value per certificate reached EGP 72.90 on December 31, 2016.
- The Bank portion got 51,943 certificates with redeemed value of EGP 3,787 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 107,340 with redeemed value of EGP 17,577 thousands.
- The market value per certificate reached EGP 163.75 on December 31, 2016.
- The Bank portion got 50,000 certificates with redeemed value of EGP 8,188 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 1,007,657 with redeemed value of EGP 164,863 thousands.
- The market value per certificate reached EGP 163.61 on December 31, 2016.
- The Bank portion got 52,404 certificates with redeemed value of EGP 8,574 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 180,767 with redeemed value of EGP 23,344 thousands.
- The market value per certificate reached EGP 129.14 on December 31, 2016.
- The Bank portion got 50,000 certificates with redeemed value of EGP 6,457 thousands.

38. 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.

38.1. Loans, advances, deposits and contingent liabilities

	EGP Thousands
Loans and advances	156
Deposits	169,789
Contingent liabilities	1,436

38.2. Other transactions with related parties

	Income EGP Thousands	Expenses EGP Thousands
International Co. for Security & Services	175	346

39. Main currencies positions

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Egyptian pound	1,371,677	166,732
US dollar	(1,360,474)	(191,276)
Sterling pound	266	(660)
Japanese yen	851	356
Swiss franc	25	32
Euro	4,440	(8,018)

Important events

The Central Bank of Egypt, in its meeting held on November 3, 2016, decided to float the exchange rate for foreign currencies in order to give the banks operating in Egypt the flexibility to determine the sale and purchase price for foreign currencies within legal channels. Foreign currency exchange rates for the period subsequent to the decision have thus ranged between:

Key currencies

	Buy	Sell
US dollar	15.25	15.75
Euro	16.83	17.53

Accordingly, the value of foreign currency-denominated assets and liabilities may differ significantly from the values reported in the financial statements for the financial year which ended December 31, 2016. The income statement would also be impacted by the revaluation of the outstanding foreign currency positions on the date of financial position and in subsequent periods. Along with the exchange rate liberalization, the Central Bank of Egypt also decided to raise the overnight deposit and lending rates by 300 basis points to 14.75% and 15.75%, respectively, which is expected to impact the Bank's pricing policies for its current and future products.

40. Tax status

Corporate income tax

The Bank's corporate income tax position has been examined, paid and settled with the tax authority since the operations start up until the end of year 2014.

Corporate income tax annual report is submitted.

Salary tax

The Bank's salary tax has been examined, paid and settled since the operations start up until the end of 2013.

The Bank's salary tax is currently under examination for the period 2014-2015.

Stamp duty tax

The Bank's stamp duty tax has been examined and paid since the operations start up until 31/7/2006. Any disputes are currently under discussion at the tax appeal committee and the court for adjudication.

The Bank's stamp duty tax is being re-examined for the period from 1/8/2006 till 30/9/2015 according to the protocol between the Federation of Egyptian banks and the tax authority.

41. Goodwill and Intangible assets:

Due to the acquisition process, Goodwill and Intangible assets have been arisen with the following balances :

41.1. Goodwill:

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Book value	209,842	217,078
Goodwill impairment	(209,842)	(7,236)
Net book value	-	**209,842**

41.2. Intangible assets:

Book value	651,041	651,041
Amortization	(151,910)	(21,701)
Net book value	**499,131**	**629,340**

According to CBE's regulation issued on December 16, 2008, an annual amortization of 20% has been applied on intangible assets starting from acquisition date. Goodwill amount was fully impaired on 31 December 2016.

42. Non current assets held for sale

Subsidiaries	Dec. 31, 2016 EGP Thousands Investment book value	Dec. 31, 2015 EGP Thousands Investment book value
- CI Capital Holding	**428,011**	**428,011**
Associates		
- Corplease	-	**75,055**

Deloitte – Saleh, Barsoum & Abdel Aziz
Accountants & Auditors

KPMG Hazem Hassan
Public Accountant & Consultants

AUDITORS' REPORT

To the Shareholders of Commercial International Bank - Egypt

Report on the consolidated financial statements

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 2016, 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, 2016 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 [illegible]
KPMG Hazem Hassan
Public Accountants & Consultants

Kamel Magdy Saleh
Egyptian Financial Supervisory Authority
Register Number "69"
Deloitte – Saleh, Barsoum & Abdel Aziz
Accountants & Auditors

Cairo, 31 January, 2017

Commercial International Bank (Egypt) S.A.E

Consolidated balance sheet as at December 31, 2016

	Notes	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Assets			
Cash and balances with central bank	15	10,522,040	9,848,954
Due from banks	16	58,011,034	21,002,305
Treasury bills and other governmental notes	17	39,177,184	22,130,170
Trading financial assets	18	2,445,134	5,848,377
Loans and advances to banks, net	19	159,651	38,443
Loans and advances to customers, net	20	85,224,148	56,797,576
Non current assets held for sale	42	4,890,438	1,066,270
Derivative financial instruments	21	269,269	80,995
Financial investments			
- Available for sale	22	5,447,291	46,289,075
- Held to maturity	22	53,924,936	9,261,220
Investments in associates	23	36,723	159,983
Other assets	24	5,434,563	4,789,291
Goodwill	41	-	209,842
Intangible assets	41	499,131	629,340
Deferred tax assets (Liabilities)	32	181,308	258,157
Property, plant and equipment	25	1,320,905	1,090,181
Total assets		**267,543,755**	**179,500,179**
Liabilities and equity			
Liabilities			
Due to banks	26	3,008,996	1,600,769
Due to customers	27	231,740,795	155,234,416
Non current liabilities held for sale	42	3,684,676	371,622
Derivative financial instruments	21	331,091	145,735
Current tax liabilities		2,017,034	1,949,694
Other liabilities	29	3,579,330	2,622,269
Long term loans	28	160,243	131,328
Other provisions	30	1,514,057	861,761
Total liabilities		**246,036,222**	**162,917,594**
Equity			
Issued and paid up capital	31	11,538,660	11,470,603
Reserves	34	3,451,756	151,993
Reserve for employee stock ownership plan (ESOP)		343,460	248,148
Retained earnings (losses)		31,462	(64,566)
Total equity		**15,365,338**	**11,806,178**
Net profit for the year		6,009,118	4,728,976
Total equity and net profit for the year		**21,374,456**	**16,535,154**
Minority interest		133,077	47,431
Total minority interest, equity and net profit for the year		**21,507,533**	**16,582,585**
Total liabilities, equity, minority interest and net profit for the year		**267,543,755**	**179,500,179**

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 December 31, 2016

	Notes	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Continued Operations			
Interest and similar income		19,144,218	14,765,337
Interest and similar expense		(9,126,512)	(6,650,008)
Net interest income	6	**10,017,706**	**8,115,329**
Fee and commission income		1,965,529	1,885,544
Fee and commission expense		(417,573)	(299,696)
Net fee and commission income	7	**1,547,956**	**1,585,848**
Dividend income	8	34,236	35,062
Net trading income	9	1,315,182	710,398
Profits on financial investments	22	(25,533)	270,998
Administrative expenses	10	(2,432,652)	(2,024,511)
Other operating (expenses) income	11	(1,237,187)	(527,383)
Goodwill impairment	41	(209,842)	(7,236)
Intangible assets amortization	41	(130,208)	(21,701)
Impairment charge for credit losses	12	(892,874)	(1,682,439)
Bank's share in the profits of associates		2,989	27,829
Profit before income tax		**7,989,773**	**6,482,194**
Income tax expense	13	(2,017,034)	(1,949,694)
Deferred tax assets (Liabilities)	32 & 13	(76,849)	136,047
Net profit from continued operations		**5,895,890**	**4,668,547**
"Discontinued Operations "			
"Net profit from discontinued operations"	42	127,376	61,115
Net profit for the year		**6,023,266**	**4,729,662**
Minority interest		14,148	686
Bank shareholders		**6,009,118**	**4,728,976**
Earning per share	14		
Basic		4.56	3.56
Diluted		4.49	3.51

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, 2016

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Cash flow from operating activities		
Profit before income tax from continued operations	7,989,773	6,482,194
Profit before income tax from discontinued operations	158,041	71,161
Adjustments to reconcile net profit to net cash provided by operating activities		
Fixed assets depreciation	285,381	188,256
Impairment charge for credit losses	892,874	1,682,439
Other provisions charges	150,847	135,866
Trading financial investments revaluation differences	(269,283)	353,590
Available for sale and held to maturity investments exchange revaluation differences	(2,219,961)	(96,638)
Goodwill impairment	209,842	7,236
Intangible assets amortization	130,208	21,701
Financial investments impairment charge	82,428	140,751
Utilization of other provisions	(3,696)	(17,242)
Other provisions no longer used	(78,405)	(505)
Exchange differences of other provisions	583,550	13,330
Profits from selling property, plant and equipment	(1,682)	(564)
Profits from selling financial investments	(35,193)	(163,270)
Profits (losses) from selling associates	90,447	(285,431)
Shares based payments	187,000	133,395
Impairment (Released) charges of associates	(131,799)	-
Associates financial investments revaluation differences	2,989	(27,829)
Operating profits before changes in operating assets and liabilities	**8,023,361**	**8,638,440**
Net decrease (increase) in assets and liabilities		
Due from banks	264,072	2,131,856
Treasury bills and other governmental notes	(16,057,258)	8,331,133
Trading financial assets	3,672,526	(2,439,249)
Derivative financial instruments	(2,918)	(20,247)
Loans and advances to banks and customers	(29,440,654)	(9,714,737)
Other assets	(4,450,111)	(1,273,556)
Goodwill impairment	-	(217,078)
Intangible Assets	-	(651,041)
Due to banks	1,408,227	469,384
Due to customers	76,506,379	33,259,457
Income tax obligations paid	(1,949,694)	(1,814,609)
Other liabilities	4,354,673	15,319
Net cash provided from operating activities	**42,328,603**	**36,715,072**
Cash flow from investing activities		
Payment for purchase of subsidiary and associates	(12,036)	-
Proceeds from selling subsidiary and associates	176,161	334,451
Payment for purchases of property, plant, equipment and branches constructions	(560,631)	(304,401)
Proceeds from redemption of held to maturity financial investments	4,094	3,919,074
Payment for purchases of held to maturity financial investments	(29,979,743)	(4,019,548)
Payment for purchases of available for sale financial investments	(3,334,122)	(25,392,460)
Proceeds from selling available for sale financial investments	31,682,784	5,315,438
Proceeds (payments) from real estate investments	(2,989)	884,094
Net cash used in investing activities	**(2,026,482)**	**(19,263,352)**

Commercial International Bank (Egypt) S.A.E

Consolidated cash flow for the year ended on December 31, 2016 (Cont.)

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Cash flow from financing activities		
Increase (decrease) in long term loans	28,915	(111,550)
Dividend paid	(1,463,450)	(1,563,646)
Capital increase	68,057	94,748
Net cash used in financing activities	**(1,366,478)**	**(1,580,448)**
Net increase (decrease) in cash and cash equivalent during the year	38,935,643	15,871,272
Beginning balance of cash and cash equivalent	22,583,057	6,711,785
Cash and cash equivalent at the end of the year	**61,518,700**	**22,583,057**
Cash and cash equivalent comprise:		
Cash and balances with central bank	10,522,040	9,848,954
Due from banks	58,011,034	21,002,305
Treasury bills and other governmental notes	39,177,184	22,130,170
Obligatory reserve balance with CBE	(5,438,235)	(8,268,202)
Due from banks with maturities more than three months	(2,565,895)	-
Treasury bills with maturity more than three months	(38,187,428)	(22,130,170)
Total cash and cash equivalent	**61,518,700**	**22,583,057**

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
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
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 earnings (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 ownership percentage	-	-	-	1,368	-	-	-	-	-	1,368	(1,368)	-
Net unrealised gain/(loss) on AFS	-	-	-	-	-	(1,609,226)	-	-	-	(1,609,226)	-	(1,609,226)
Transferred (from) to bank risk reserve	-	-	-	-	-	-	522	(522)	-	-	-	-
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**

Commercial International Bank (Egypt) S.A.E

Consolidated statement of changes in shareholders' equity for the year ended December 31, 2016

Dec. 31, 2016	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	Cumulative foreign currencies translation differences	Total Shareholders Equity	Minority Interest	Total
Beginning balance	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
Capital increase	68,057	-	-	-	-	-	-	-	-	-	68,057	-	68,057
Transferred to reserves	-	232,008	3,035,878	-	564	-	-	(3,176,762)	(91,688)	-	-	-	-
Transferred to retained earnings (losses)	-	-	-	88,258	-	-	-	(88,258)	-	-	-	-	-
Dividend paid	-	-	-	(3,896)	-	-	-	(1,463,450)	-	-	(1,467,346)	(1,394)	(1,468,740)
Net profit of the year	-	-	-	-	-	-	-	6,009,118	-	-	6,009,118	14,148	6,023,266
Change in ownership percentage	-	-	-	11,666	-	-	-	-	-	-	11,666	72,892	84,558
Net unrealised gain/(loss) on AFS	-	-	-	-	-	22,219	-	-	-	-	22,219	-	22,219
Transferred (from) to bank risk reserve	-	-	-	-	-	-	506	(506)	-	-	-	-	-
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	187,000	-	187,000	-	187,000
Cumulative foreign currencies translation differences	-	-	-	-	-	-	-	-	-	8,588	8,588	-	8,588
Balance at the end of the year	**11,538,660**	**1,035,363**	**4,554,251**	**31,462**	**30,778**	**(2,180,243)**	**3,019**	**6,009,118**	**343,460**	**8,588**	**21,374,456**	**133,077**	**21,507,533**

Notes to the consolidated financial statements for the year ended December 31, 2016

1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 168 branches, and 24 units employing 6422 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, 2016 the Bank directly owns 54,988,500 shares representing 99.98% of CI Capital Holding Company's capital and on December 31, 2016 CI Capital Holding Co. Directly owns the following shares in its subsidiaries:

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.	2,481,578	99.27	99.25
• Dynamic Brokerage Co.	3,393,500	99.97	99.95
• Corplease	1,262,237	72.96	72.94

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 equity method is applied to account for investments associates, whereby, investments are recorded based on the equity method 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	3/5 years.
Typewriters, calculators and air-conditions	5 years
Vehicles	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.

2.24. Noncurrent 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. D iscontinued 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.

When presenting discontinued operations in the income statement, the comparative figures should be adjusted as if the operations had been discontinued in the comparative period.

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, 2016		December 31, 2015	
Bank's rating	Loans and advances (%)	Impairment provision (%)	Loans and advances (%)	Impairment provision (%)
1-Performing loans	68.27	13.78	82.27	30.70
2-Regular watching	18.43	19.53	9.32	12.97
3-Watch list	6.54	16.81	4.43	21.78
4-Non-Performing Loans	6.76	49.88	3.98	34.55

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, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Treasury bills and other governmental notes	39,216,387	22,130,170
Trading financial assets:		
- Debt instruments	1,933,420	5,504,524
Gross loans and advances to banks	161,451	48,342
Less:Impairment provision	(1,800)	(9,899)
Gross loans and advances to customers		
Individual:		
- Overdraft	1,901,875	1,583,233
- Credit cards	2,423,125	2,001,159
- Personal loans	10,745,352	8,073,622
- Mortgages	306,930	298,817
- Other loans	20,838	20,881
Corporate:		
- Overdraft	12,452,698	8,561,090
- Direct loans	44,503,511	27,811,737
- Syndicated loans	24,840,803	14,088,786
- Other loans	110,382	84,402
Unamortized bills discount	(5,533)	(14,375)
Impairment provision	(9,818,007)	(4,709,107)
Unearned interest	(2,257,826)	(1,002,669)
Derivative financial instruments	269,269	80,995
Financial investments:		
-Debt instruments	58,601,911	54,818,500
-Investments in associates	36,723	159,983
Total	**185,441,509**	**139,530,191**
Off balance sheet items exposed to credit risk		
Financial guarantees	2,832,705	2,741,310
Customers acceptances	650,607	504,774
Letters of credit (import and export)	2,382,849	862,279
Letter of guarantee	65,575,370	29,640,729
Total	**71,441,531**	**33,749,092**

The above table represents the Bank's Maximum exposure to credit risk on December 31, 2016, before taking into account any held collateral.

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

As shown above 46.04% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represents 32.64%.

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

- 86.70% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- 93.30% of loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed individualy are valued EGP thousands 6,585,667
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on December 31, 2016.
- 95.33% of the investments in debt Instruments are Egyptian sovereign instruments.

3.1.6. Loans and advances

Loans and advances are summarized as follows:

	Dec. 31, 2016 EGP Thousands		Dec. 31, 2015 EGP Thousands	
	Loans and advances to customers	**Loans and advances to banks**	**Loans and advances to customers**	**Loans and advances to banks**
Neither past due nor impaired	85,586,627	161,451	56,273,952	27,567
Past due but not impaired	5,133,220	-	3,765,257	-
Individually impaired	6,585,667	-	2,484,518	20,775
Gross	**97,305,514**	**161,451**	**62,523,727**	**48,342**
Less:				
Impairment provision	9,818,007	1,800	4,709,107	9,899
Unamortized bills discount	5,533	-	14,375	-
Unearned interest	2,257,826	-	1,002,669	-
Net	85,224,148	159,651	56,797,576	38,443

Impairment provision losses for loans and advances reached EGP 9,819,807 thousand.

During the period the Bank's total loans and advances increased by 5% representing actual increase after eliminating the devaluation impact.

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

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

Dec. 31, 2016 — 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	1,784,301	2,312,458	10,137,283	296,473	9,279,904	22,692,882	18,424,107	100,340	**65,027,748**	159,651
Regular watching	75,133	51,696	227,952	-	1,000,619	10,215,887	4,470,640	7,598	**16,049,525**	-
Watch list	13,589	19,202	85,313	-	352,793	4,251,195	-	-	**4,722,092**	-
Non-performing loans	17,686	14,713	104,211	2,657	477,372	901,320	170,183	-	**1,688,142**	-
Total	**1,890,709**	**2,398,069**	**10,554,759**	**299,130**	**11,110,688**	**38,061,284**	**23,064,930**	**107,938**	**87,487,507**	**159,651**

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**

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, 2016	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Past due up to 30 days	582,120	422,066	24,732	751	1,029,669	400,439	2,522,360	**43,878**	2,966,677
Past due 30 - 60 days	75,290	54,952	14,679	66	144,987	74,593	55,022	-	129,615
Past due 60-90 days	13,801	22,964	9,382	21	46,168	423,474	392,630	-	816,104
Total	**671,211**	**499,982**	**48,793**	**838**	**1,220,824**	**898,506**	**2,970,012**	**43,878**	**3,912,396**

Dec.31, 2015	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Past due up to 30 days	496,599	319,812	107,881	491	924,783	1,024,665	1,289,946	4,300	2,318,911
Past due 30-60 days	37,361	42,765	40,608	142	120,876	54,301	40,768	-	95,069
Past due 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**

Individually impaired loans

Loans and advances individually assessed without taking into consideration cash flows from guarantees are totaled EGP 6,585,667 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, 2016	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Total
Individually impaired loans	26,350	25,180	248,302	7,479	20,838	1,368,375	3,569,454	1,319,689	**6,585,667**

Dec.31, 2015	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Total
Individually impaired loans	19,154	21,581	157,450	9,456	20,881	567,565	1,118,675	590,531	**2,505,293**

Loans and advances restructured

Restructuring activities include rescheduling arrangements, applying obligatory management programs, odifying 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, which indicate that payment will most likely continue. Restructuring is commonly applied to term loans, specially customer loans. Renegotiated loans totaled at the end of the year:

	Dec.31, 2016	Dec.31, 2015
Loans and advances to customer		
Corporate		
- Direct loans	7,771,415	3,126,928
Total	**7,771,415**	**3,126,928**

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 year, based on Standard & Poor's ratings or their equivalent:

EGP Thousands

Dec.31, 2016	Treasury bills and other gov. notes	Trading financial debt instruments	Non-trading financial debt instruments	Total
AAA	-	-	72,175	**72,175**
AA- to AA+	-	-	335,898	**335,898**
A- to A+	-	-	2,103,699	**2,103,699**
Lower than A-	-	-	2,197,716	**2,197,716**
Unrated	39,177,184	1,933,420	53,892,423	**95,003,027**
Total	**39,177,184**	**1,933,420**	**58,601,911**	**99,712,515**

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, 2016	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Treasury bills and other governmental notes	39,216,387	-	-	**39,216,387**
Trading financial assets:				
- Debt instruments	1,933,420	-	-	**1,933,420**
Gross loans and advances to banks	161,451	-	-	**161,451**
Less:Impairment provision	(1,800)	-	-	**(1,800)**
Gross loans and advances to customers				
Individual:				
- Overdrafts	1,079,308	610,432	212,135	**1,901,875**
- Credit cards	1,966,055	389,788	67,282	**2,423,125**
- Personal loans	6,853,463	3,245,954	645,935	**10,745,352**
- Mortgages	245,530	54,338	7,062	**306,930**
- Other loans	-	20,838	-	**20,838**
Corporate:				
- Overdrafts	9,799,474	1,931,226	721,998	**12,452,698**
- Direct loans	31,427,313	11,029,913	2,046,285	**44,503,511**
- Syndicated loans	21,312,520	3,245,102	283,181	**24,840,803**
- Other loans	82,382	28,000	-	**110,382**
Unamortized bills discount	(5,533)	-	-	**(5,533)**
Impairment provision	(9,818,007)	-	-	**(9,818,007)**
Unearned interest	(1,669,204)	(483,152)	(105,470)	**(2,257,826)**
Derivative financial instruments	269,269	-	-	**269,269**
Financial investments:				
-Debt instruments	58,601,911	-	-	**58,601,911**
-Investments in associates	36,723	-	-	**36,723**
Total	**161,490,662**	**20,072,439**	**3,878,408**	**185,441,509**

3.1.8.2. Industry sectors

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

Dec.31, 2016	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	EGP Thousands Total
Treasury bills and other governmental notes	-	-	-	-	39,216,387	-	-	**39,216,387**
Trading financial assets:								
- Debt instruments	-	-	-	-	1,933,420	-	-	**1,933,420**
Gross loans and advances to banks	161,451	-	-	-	-	-	-	**161,451**
Less:Impairment provision	(1,800)	-	-	-	-	-	-	**(1,800)**
Gross loans and advances to customers								
Individual:								
- Overdrafts	-	-	-	-	-	-	1,901,875	**1,901,875**
- Credit cards	-	-	-	-	-	-	2,423,125	**2,423,125**
- Personal loans	-	-	-	-	-	-	10,745,352	**10,745,352**
- Mortgages	-	-	-	-	-	-	306,930	**306,930**
- Other loans	-	-	-	-	-	-	20,838	**20,838**
Corporate:								
- Overdrafts	147,328	4,526,400	1,176,583	663,838	1,204,861	4,733,688	-	**12,452,698**
- Direct loans	751,342	20,125,913	189,348	875,430	3,405,137	19,156,341	-	**44,503,511**
- Syndicated loans	181,240	12,625,703	460,604	-	9,838,108	1,735,148	-	**24,840,803**
- Other loans	2,343	108,039	-	-	-	-	-	**110,382**
Unamortized bills discount	(5,533)	-	-	-	-	-	-	**(5,533)**
Impairment provision	(24,313)	(4,482,465)	(12,341)	(101,425)	(45,807)	(4,884,247)	(267,409)	**(9,818,007)**
Unearned interest	(480)	(734,605)	-	(3,955)	-	(1,518,786)	-	**(2,257,826)**
Derivative financial instruments	269,269	-	-	-	-	-	-	**269,269**
Financial investments:								
-Debt instruments	2,511,772	-	-	-	56,090,139	-	-	**58,601,911**
- Investments in associates	36,723	-	-	-	-	-	-	**36,723**
Total	**4,029,342**	**32,168,985**	**1,814,194**	**1,433,888**	**111,642,245**	**19,222,144**	**15,130,711**	**185,441,509**

3.2. Market risk

Market risk represents as fluctuations in fair value, future cash flow, foreign exchange rates and commodity prices, interest rates, credit spreads and equity prices, and it may reduce the Bank's income or the value of its portfolios. The bank assigns the market risk management department to measure, monitor and control the market risk. In addition, regular reports are submitted to the Asset and Liability"Management Committee (ALCO), Board Risk Committee and the heads of each business unit."

The bank separates exposures to market risk into trading or non-trading portfolios.

Trading portfolios include positions arising from market-making, position taking and 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 and 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 assesses 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 VaR Limits, for the 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, however, it 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, the bank computes on a daily basis trading Stressed VaR, combined with the trading 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, 2016			Dec. 31, 2015		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	31,561	300,218	276	248	1,894	5
Interest rate risk	**365,258**	**1,028,396**	**112,744**	**157,097**	**258,851**	**96,690**
- For non trading purposes	340,853	973,882	102,443	134,436	217,625	88,109
- For trading purposes	24,405	54,514	10,301	22,661	41,227	8,581
Portfolio managed by others risk	4,775	10,341	2,682	5,072	7,426	2,689
Investment fund	392	643	264	361	492	287
Total VaR	**381,247**	**1,193,075**	**113,480**	**156,811**	**257,954**	**96,562**

Trading portfolio VaR by risk type

EGP Thousands

	Dec. 31, 2016			Dec. 31, 2015		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	31,561	300,218	276	248	1,894	5
Interest rate risk	**24,405**	**54,514**	**10,301**	**22,661**	**41,227**	**8,581**
- For trading purposes	24,405	54,514	10,301	22,661	41,227	8,581
Funds managed by others risk	4,775	10,341	2,682	5,072	7,426	2,689
Investment fund	392	643	264	361	492	287
Total VaR	**51,651**	**335,888**	**11,285**	**23,462**	**41,655**	**11,345**

Non trading portfolio VaR by risk type

EGP Thousands

	Dec. 31, 2016			Dec. 31, 2015		
	Medium	High	Low	Medium	High	Low
Interest rate risk						
- For non trading purposes	340,853	973,882	102,443	134,436	217,625	88,109
Total VaR	**340,853**	**973,882**	**102,443**	**134,436**	**217,625**	**88,109**

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 exchange rate risk and financial instruments at carrying amounts, categorized by currency.

Equivalent EGP Thousands

Dec. 31, 2016	EGP	USD	EUR	GBP	Other	Total
Financial assets						
Cash and balances with central bank	6,717,875	3,348,337	288,428	72,849	94,551	**10,522,040**
Due from banks	24,091,475	26,223,227	6,578,352	820,495	297,485	**58,011,034**
Treasury bills and other governmental notes	27,521,897	12,514,379	1,337,601	-	-	**41,373,877**
Trading financial assets	2,445,134	-	-	-	-	**2,445,134**
Gross loans and advances to banks	-	161,451	-	-	-	**161,451**
Gross loans and advances to customers	42,173,991	52,235,498	2,474,259	115,024	306,742	**97,305,514**
Derivative financial instruments	262,398	6,871	-	-	-	**269,269**
Financial investments						
- Available for sale	1,497,069	3,950,222	-	-	-	**5,447,291**
- Held to maturity	53,924,936	-	-	-	-	**53,924,936**
Investments in associates	36,723	-	-	-	-	**36,723**
Total financial assets	**158,671,498**	**98,439,985**	**10,678,640**	**1,008,368**	**698,778**	**269,497,269**
Financial liabilities						
Due to banks	2,631,353	285,468	14,435	17,021	60,719	**3,008,996**
Due to customers	131,213,293	89,083,074	10,051,523	984,837	408,068	**231,740,795**
Derivative financial instruments	239,883	91,208	-	-	-	**331,091**
Long term loans	160,243	-	-	-	-	**160,243**
Total financial liabilities	**134,244,772**	**89,459,750**	**10,065,958**	**1,001,858**	**468,787**	**235,241,125**
Net on-balance sheet financial position	**24,426,726**	**8,980,235**	**612,682**	**6,510**	**229,991**	**34,256,144**

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 the bank's Risk Management Department.

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

Dec. 31, 2016	Up 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	-	-	-	-	-	10,522,040	**10,522,040**
Due from banks	34,129,196	16,306,169	7,575,636	-	-	33	**58,011,034**
Treasury bills and other governmental notes*	3,988,539	4,614,183	32,771,155	-	-	-	**41,373,877**
Trading financial assets	210,383	221,987	126,111	1,192,101	362,995	331,557	**2,445,134**
Gross loans and advances to banks	23,409	57,093	80,949	-	-	-	**161,451**
Gross loans and advances to customers	54,209,899	15,258,356	18,453,189	7,763,724	1,620,346	-	**97,305,514**
Derivatives financial instruments (including IRS notional amount)	854,063	564,788	4,792,125	10,650,921	493,196	6,871	**17,361,964**
Financial investments							
- Available for sale	2,106,096	-	48,968	2,698,548	32,880	560,799	**5,447,291**
- Held to maturity	4,044,117	3,295,916	6,669,361	29,628,346	10,287,196	-	**53,924,936**
Investments in associates	-	-	-	-	-	36,723	**36,723**
Total financial assets	**99,565,702**	**40,318,492**	**70,517,494**	**51,933,640**	**12,796,613**	**11,458,023**	**286,589,964**
Financial liabilities							
Due to banks	2,463,533	-	-	-	-	545,463	**3,008,996**
Due to customers	86,340,467	23,089,594	20,878,127	62,657,249	1,708,675	37,066,683	**231,740,795**
Derivatives financial instruments (including IRS notional amount)	6,817,163	9,819,461	20,093	675,861	-	91,208	**17,423,786**
Long term loans	49,862	11,298	84,614	14,469	-	-	**160,243**
Total financial liabilities	**95,671,025**	**32,920,353**	**20,982,834**	**63,347,579**	**1,708,675**	**37,703,354**	**252,333,820**
Total interest re-pricing gap	**3,894,677**	**7,398,139**	**49,534,660**	**(11,413,939)**	**11,087,938**	**(26,245,331)**	**34,256,144**

* After adding reverse repos and deducting repos.

3.3. Liquidity risk

Liquidity risk occurs when the Bank does not have sufficient financial resources to meet its obligations arising from its financial liabilities as they fall due or to replace funds when they are withdrawn. Consequently, the bank may fail to meet obligations to repay depositors and fulfill lending commitments.

3.3.1. Liquidity risk management process

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

- Maintaining 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 CBE 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, measured by the remaining contractual maturities and the maturities assumption for non contractual products are based on there behavior studies.

Dec. 31, 2016	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP Thousands
Financial liabilities						
Due to banks	3,008,996	-	-	-	-	**3,008,996**
Due to customers	30,227,170	24,495,657	55,763,261	108,564,259	12,690,448	**231,740,795**
Long term loans	49,862	11,298	84,614	14,469	-	**160,243**
Total liabilities (contractual and non contractual maturity dates)	**33,286,028**	**24,506,955**	**55,847,875**	**108,578,728**	**12,690,448**	**234,910,034**
Total financial assets (contractual and non contractual maturity dates)	**63,513,318**	**35,561,586**	**67,012,053**	**81,180,812**	**23,129,786**	**270,397,555**

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**

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, 2016	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP Thousands
Liabilities						
Derivatives financial instruments						
- Foreign exchange derivatives	166,787	73,096	-	-	-	**239,883**
- Interest rate derivatives	-	286	11,375	79,547	-	**91,208**
Total	**166,787**	**73,382**	**11,375**	**79,547**	-	**331,091**

Off balance sheet items

Dec. 31, 2016	Up to 1 year	1-5 years	Over 5 years	Total
Letters of credit, guarantees and other commitments	42,110,948	19,714,615	6,783,263	**68,608,826**
Total	**42,110,948**	**19,714,615**	**6,783,263**	**68,608,826**

	Up to 1 year	1-5 years	Total
Credit facilities commitments	1,997,899	5,247,162	7,245,061
Total	**1,997,899**	**5,247,162**	**7,245,061**

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, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Financial assets				
Due from banks	58,011,034	21,002,305	58,011,034	21,002,305
Gross loans and advances to banks	161,451	48,342	161,451	48,342
Gross loans and advances to customers				
- Individual	15,398,120	11,977,712	14,148,833	11,292,972
- Corporate	81,907,394	50,546,015	65,086,670	49,738,382
Financial investments				
Held to Maturity	53,924,936	9,261,220	57,393,464	8,864,356
Total financial assets	**209,402,935**	**92,835,594**	**194,801,452**	**90,946,357**
Financial liabilities				
Due to banks	3,008,996	1,600,769	3,008,996	1,600,769
Due to customers	231,740,795	155,234,416	175,297,049	151,400,615
Long term loans	160,243	131,328	160,243	131,328
Total financial liabilities	**234,910,034**	**156,966,513**	**178,466,288**	**153,132,712**

Due from banks

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

Loans and advances to banks

Loans and advances to banks are represented in loans that do not consider 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, and available for sale assets that 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:

- Complying with the legally imposed capital requirements in Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling the generation of 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 comprises 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:

Tier two represents the gone concern capital which is composed of general risk provision according to the impairment provision guidelines issued by the Central Bank of Egypt 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 Tier-1.

Assets risk weight scale ranging from zero to 100% is based on the counterparty risk to reflect the related credit risk scheme, taking into consideration the cash collateral. Similar criteria are used for off balance sheet items after adjustments 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 summarize the compositions of Teir 1, teir 2, the capital adequacy ratio and leverage ratio.

1-The capital adequacy ratio

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Tier 1 capital		Restated**
Share capital (net of the treasury shares)	11,538,660	11,470,603
Goodwill	(22,981)	(209,842)
Reserves	5,756,206	5,755,642
Retained Earnings (Losses)	31,462	-
Total deductions from tier 1 capital common equity	(2,793,403)	(2,666,248)
Total qualifying tier 1 capital	**14,509,944**	**14,350,155**
Tier 2 capital		
45% of special reserve	49	49
45% of foreign currencies translation differences	3,865	-
45% of the Increase in fair value than the book value for available for sale and held to maturity investments	-	13,957
Impairment provision for loans and regular contingent liabilities	1,606,644	991,210
Total qualifying tier 2 capital	**1,610,558**	**1,005,216**
Total capital 1+2	**16,120,502**	**15,355,371**
Risk weighted assets and contingent liabilities		
Total credit risk	128,698,992	79,363,222
Total market risk	6,701,579	4,030,779
Total operational risk	14,696,762	12,225,993
Total	**150,097,333**	**95,619,994**
***Capital adequacy ratio (%)**	**10.74%**	**16.06%**

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

***After 2015 profit distribution.*

After the approval of appropriation account for the year 2016, The capital adequacy ratio will reach 13.97%

2-Leverage ratio

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Total qualifying tier 1 capital	**14,509,944**	**14,350,155**
On-balance sheet items & derivatives	**271,962,373**	182,221,419
Off-balance sheet items	**41,080,543**	23,224,714
Total exposures	**313,042,916**	**205,446,133**
***Percentage**	**4.64%**	6.98%

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

***After 2015 profit distribution.*

4. Critical accounting estimates and judgments

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

4.1. Impairment losses on loans and advances

The Bank reviews its loan portfolios to assess impairment on monthly and 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 the availability of a measurable portfolio. This evidence may indicate that there has been an adverse change in the payment status of borrowers in the 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. These valuation techniques (as models) 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. For practicality purposes, 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 as held to maturity. This requires significant judgment, in which 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 four 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 –Including other banking business, such as Assets Management.
- Transactions between the business segments are on normal commercial terms and conditions.

EGP Thousands

Dec. 31, 2016	Corporate banking	SMEs	Investment banking	Retail banking	Asset Liability Management	Total
Revenue according to business segment	5,117,764	1,558,634	2,367,468	3,017,976	**201,808**	**12,263,650**
Expenses according to business segment	(2,327,301)	(475,389)	(53,393)	(1,268,235)	**(5,667)**	**(4,129,985)**
Profit before tax	**2,790,463**	**1,083,245**	**2,314,075**	**1,749,741**	196,141	8,133,665
Tax	(724,546)	(281,954)	(611,561)	(455,433)	**(51,053)**	**(2,124,547)**
Profit for the year	**2,065,917**	**801,291**	**1,702,514**	**1,294,308**	**145,088**	**6,009,118**
Total assets	**107,486,340**	**4,264,036**	**101,472,259**	**15,011,250**	**39,309,870**	**267,543,755**

Dec. 31, 2015	Corporate banking	SMEs	Investment banking	Retail banking	Asset Liability Management	Total
Revenue according to business segment	5,076,710	916,342	2,347,097	2,465,783	246,862	11,052,794
Expenses according to business segment	(3,059,901)	(209,692)	(93,958)	(1,134,143)	(2,431)	(4,500,125)
Profit before tax	**2,016,809**	**706,650**	**2,253,139**	**1,331,640**	**244,431**	**6,552,669**
Tax	(564,787)	(198,566)	(617,471)	(374,185)	(68,684)	(1,823,693)
Profit for the year	**1,452,022**	**508,084**	**1,635,668**	**957,455**	**175,747**	**4,728,976**
Total assets	**53,222,559**	**2,800,385**	**84,044,508**	**10,401,499**	**29,031,228**	**179,500,179**

5.2. By geographical segment

EGP Thousands

Dec. 31, 2016	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	10,972,520	1,104,147	186,983	12,263,650
Expenses according to geographical segment	(3,464,852)	(499,518)	(165,615)	(4,129,985)
Profit before tax	**7,507,668**	**604,629**	**21,368**	**8,133,665**
Tax	(1,961,608)	(157,377)	(5,562)	(2,124,547)
Profit for the year	**5,546,060**	**447,252**	**15,806**	**6,009,118**
Total assets	**240,916,621**	**21,740,165**	**4,886,969**	**267,543,755**

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**

6. Net interest income

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Interest and similar income		
- Banks	2,568,172	366,302
- Clients	6,656,743	5,147,557
Total	**9,224,915**	**5,513,859**
Treasury bills and bonds	9,794,089	9,154,619
Reverse repos	-	2,338
Financial investments in held to maturity and available for sale debt instruments	125,214	94,521
Total	**19,144,218**	**14,765,337**
Interest and similar expense		
- Banks	(115,577)	(79,801)
- Clients	(9,010,782)	(6,561,613)
Total	**(9,126,359)**	**(6,641,414)**
Financial instruments purchased with a commitment to re-sale (Repos)	(153)	(7,762)
Other	-	(832)
Total	**(9,126,512)**	**(6,650,008)**
Net interest income	**10,017,706**	**8,115,329**

7. Net fee and commission income

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Fee and commission income		
Fee and commissions related to credit	965,388	1,041,382
Custody fee	69,967	73,268
Other fee	930,174	770,894
Total	**1,965,529**	**1,885,544**
Fee and commission expense		
Other fee paid	(417,573)	(299,696)
Total	**(417,573)**	**(299,696)**
Net income from fee and commission	**1,547,956**	**1,585,848**

8. Dividend income

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Trading securities	5,045	4,060
Available for sale securities	29,191	31,002
Total	**34,236**	**35,062**

9. Net trading income

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Profit (losses) from foreign exchange	603,565	214,574
Profit (Loss) from forward foreign exchange deals revaluation	12,947	3,024
Profit (Loss) from interest rate swaps revaluation	(15,055)	(9,240)
Profit (Loss) from currency swap deals revaluation	38,472	7,752
Trading debt instruments	675,253	494,288
Total	**1,315,182**	**710,398**

10. Administrative expenses

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
1.Staff costs		
Wages and salaries	(1,188,799)	(993,761)
Social insurance	(50,542)	(54,836)
Other benefits	(44,146)	(37,328)
2.Other administrative expenses	(1,149,165)	(938,586)
Total	**(2,432,652)**	**(2,024,511)**

11. Other operating (expenses) income

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Profits from non-trading assets and liabilities revaluation	(682,556)	42,062
Profits from selling property, plant and equipment	1,682	564
Release (charges) of other provisions	(72,442)	(135,361)
Other income/expenses	(483,871)	(434,648)
Total	**(1,237,187)**	**(527,383)**

12. Impairment charge for credit losses

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Loans and advances to customers	(892,874)	(1,682,439)
Total	**(892,874)**	**(1,682,439)**

13. Adjustments to calculate the effective tax rate

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Profit after settlement	8,147,813	6,553,355
Tax rate	22.50%	22.50%
Income tax based on accounting profit	**1,833,258**	**1,474,506**
Add / (Deduct)		
Non-deductible expenses	953,418	268,903
Tax exemptions	(127,439)	(103,447)
Effect of provisions	(584,097)	186,107
Depreciation	42,922	(7,259)
10% Withholding tax	6,485	4,883
Income tax / Deferred tax	**2,124,547**	**1,823,693**
Effective tax rate	**26.08%**	**27.83%**

14. Earning per share

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Net profit for the year, available for distribution	5,948,258	4,639,648
Board member's bonus	(89,224)	(69,595)
Staff profit sharing	(594,826)	(463,965)
*** Profits shareholders' stake**	**5,264,208**	**4,106,088**
Average number of shares	1,153,866	1,153,866
Basic earning per share	**4.56**	**3.56**
By issuance of ESOP earning per share will be:		
Average number of shares including ESOP shares	1,171,428	1,170,567
Diluted earning per share	**4.49**	**3.51**

** Based on separate financial statement profits.*

15. Cash and balances with central bank

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Cash	5,083,805	1,580,752
Obligatory reserve balance with CBE		
- Current accounts	5,438,235	8,268,202
Total	**10,522,040**	**9,848,954**
Non-interest bearing balances	**10,522,040**	**9,848,954**

16. Due from banks

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Current accounts	4,090,352	1,386,078
Deposits	53,920,682	19,616,227
Total	**58,011,034**	**21,002,305**
Central banks	37,447,892	14,121,507
Local banks	204,309	3,263,306
Foreign banks	20,358,833	3,617,492
Total	**58,011,034**	**21,002,305**
Non-interest bearing balances	33	353,197
Fixed interest bearing balances	58,011,001	20,649,108
Total	**58,011,034**	**21,002,305**
Current balances	58,011,034	21,002,305

17. Treasury bills and other governmental notes

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
91 Days maturity	1,051,375	-
182 Days maturity	4,350,975	7,600
364 Days maturity	36,010,730	22,993,553
Unearned interest	(2,196,693)	(870,983)
Total 1	**39,216,387**	**22,130,170**
Repos - treasury bills	(39,203)	-
Total 2	**(39,203)**	-
Net	**39,177,184**	**22,130,170**

18. Trading financial assets

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Debt instruments		
- Governmental bonds	1,933,420	5,504,524
Total	**1,933,420**	**5,504,524**
Equity instruments		
- Mutual funds	180,157	157,336
Total	**180,157**	**157,336**
- Portfolio managed by others	331,557	186,517
Total	**2,445,134**	**5,848,377**

19. Loans and advances to banks, net

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Time and term loans	161,451	48,342
Less: Impairment provision	(1,800)	(9,899)
Total	**159,651**	**38,443**
Current balances	110,053	3,090
Non-current balances	49,598	35,353
Total	**159,651**	**38,443**

Analysis for impairment provision of loans and advances to banks

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Beginning balance	(9,899)	(14,582)
Release during the year	20,368	4,902
Exchange revaluation difference	(12,269)	(219)
Ending balance	**(1,800)**	**(9,899)**

20. Loans and advances to customers, net

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Individual		
- Overdraft	1,901,875	1,583,233
- Credit cards	2,423,125	2,001,159
- Personal loans	10,745,352	8,073,622
- Real estate loans	306,930	298,817
- Other loans	20,838	20,881
Total 1	**15,398,120**	**11,977,712**
Corporate		
- Overdraft	12,452,698	8,561,090
- Direct loans	44,503,511	27,811,737
- Syndicated loans	24,840,803	14,088,786
- Other loans	110,382	84,402
Total 2	**81,907,394**	**50,546,015**
Total Loans and advances to customers (1+2)	**97,305,514**	**62,523,727**
Less:		
Unamortized bills discount	(5,533)	(14,375)
Impairment provision	(9,818,007)	(4,709,107)
Unearned interest	(2,257,826)	(1,002,669)
Net loans and advances to customers	**85,224,148**	**56,797,576**
Distributed to		
Current balances	36,671,277	25,011,678
Non-current balances	48,552,871	31,785,898
Total	**85,224,148**	**56,797,576**

Analysis for impairment provision of loans and advances to customers

	Individual					
Dec. 31, 2016	**Overdraft**	**Credit cards**	**Personal loans**	**Real estate loans**	**Other loans**	**Total**
Beginning balance	(11,835)	(26,985)	(135,339)	(10,192)	(20,881)	**(205,232)**
Released (charged) released during the year	669	(20,366)	(55,022)	2,391	43	**(72,285)**
Write off during the year	-	37,099	6	-	-	**37,105**
Recoveries during the year	-	(14,804)	(237)	-	-	**(15,041)**
Ending balance	**(11,166)**	**(25,056)**	**(190,592)**	**(7,801)**	**(20,838)**	**(255,453)**

	Corporate				
Dec. 31, 2016	**Overdraft**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
Beginning balance	(589,620)	(2,888,702)	(1,024,226)	(1,327)	**(4,503,875)**
Released (charged) released during the year	(132,021)	(1,206,476)	498,657	(1,117)	**(840,957)**
Write off during the year	-	71,767	-	-	**71,767**
Recoveries during the year	-	(33,221)	-	-	**(33,221)**
Exchange revaluation difference	(620,369)	(2,385,595)	(1,250,304)	-	**(4,256,268)**
Ending balance	**(1,342,010)**	**(6,442,227)**	**(1,775,873)**	**(2,444)**	**(9,562,554)**

	Individual					
Dec. 31, 2015	**Overdraft**	**Credit cards**	**Personal loans**	**Real estate loans**	**Other loans**	**Total**
Beginning balance	(10,550)	(7,434)	(81,153)	(8,422)	(20,934)	**(128,493)**
Released (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)**
Released (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)**

21. Derivative financial instruments

21.1. Derivatives

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

Forward contracts represent commitments to buy foreign and local currencies including unexecuted spot transactions. Future contracts for foreign currencies and/or interest rates represent contractual commitments to receive or pay net on the basis of changes in foreign exchange rates or interest rates, and/or to buy/sell 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 contract represents future exchange rate contracts negotiated for case by case, These contracts require 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 are 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 in order 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 represent contractual agreements for the buyer (issuer) to the seller (holders) as a right not an obligation whether to buy (buy option) or sell (sell option) at a certain day or within certain period for a predetermined 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 is 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 is considered a base to analyze the realized financial instruments on the balance sheet, but it doesn't provide an indicator for the projected cash flows of the fair value for current instruments, and those amounts don't reflects credit risk or interest rate risk.

Derivatives in the Bank's benefit that are classified as (assets) are conversely considered (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 as well as the range through which the financial derivatives can be in benefit for 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, 2016			Dec. 31, 2015		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Foreign currencies derivatives						
- Forward foreign exchange contracts	2,174,176	182,508	178,479	972,438	16,766	25,683
- Currency swap	2,662,940	79,890	61,404	3,448,349	51,258	71,244
- Options	-	-	-	26,830	47	47
Total 1		**262,398**	**239,883**		**68,071**	**96,974**
Interest rate derivatives						
- Interest rate swaps	34,706	144	-	14,687	395	-
Total 2		**144**	-		**395**	-
Total assets (liabilities) for trading derivatives (1+2)		**262,542**	**239,883**		**68,466**	**96,974**

21.1.2 Fair value hedge

	Dec. 31, 2016			Dec. 31, 2015		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate derivatives						
- Governmental debt instruments hedging	675,861	-	45,629	286,014	-	26,296
- Customers deposits hedging	16,382,128	6,727	45,579	7,965,211	12,529	22,465
Total 3		**6,727**	**91,208**		**12,529**	**48,761**
Total financial derivatives (1+2+3)		**269,269**	**331,091**		**80,995**	**145,735**

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 45,629 thousand at December 31, 2016 against EGP 26,296 thousand at the December 31, 2015, Resulting in losses form hedging instruments at December 31, 2016 EGP 19,333 thousand against net gains EGP 37,106 thousand at the December 31, 2015. Net losses arose from the hedged items at December 31, 2016 reached EGP 30.579 thousand against EGP 48,941 thousand at December 31, 2015.

The Bank uses interest rate swap contracts to cover part of the risk of potential increase in fair value of its fixed rate customer deposits in foreign currencies. Net derivative value resulting from the related hedging instruments is EGP 38,852 thousand at the end of December 31, 2016 against EGP 9,936 thousand at December 31, 2015, resulting in net losses from hedging instruments at December 31, 2016 of EGP 28,916 thousand against net losses of EGP 26,618 thousand at December 31, 2015. Gains arose from the hedged items at December 31, 2016 reached EGP 56,314 thousand against gains EGP 27,540 thousand at December 31, 2015.

22. Financial investments

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Available for sale		
- Listed debt instruments with fair value	4,709,487	45,589,793
- Listed equity instruments with fair value	97,631	28,496
- Unlisted instruments	640,173	670,786
Total	**5,447,291**	**46,289,075**
Held to maturity		
- Listed debt instruments	53,892,423	9,228,707
- Unlisted instruments	32,513	32,513
Total	**53,924,936**	**9,261,220**
Total financial investment	**59,372,227**	**55,550,295**
- Actively traded instruments	57,097,553	53,957,991
- Not actively traded instruments	2,274,674	1,592,304
Total	**59,372,227**	**55,550,295**
Fixed interest debt instruments	56,090,139	53,244,689
Floating interest debt instruments	2,511,772	1,573,811
Total	**58,601,911**	**54,818,500**

* *During 2016, an amount of EGP 43,424,141 thousands of governmental bonds has been re-classified from available-for-sale to held to maturity.*

	Available for sale financial investments	Held to maturity financial investments	Total EGP Thousands
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	(177,703)	-	**(177,703)**
Ending Balance as of Dec. 31, 2015	**46,289,075**	**9,261,220**	**55,550,295**
Beginning balance	46,289,075	9,261,220	**55,550,295**
Addition/transfer	3,334,122	44,667,810	**48,001,932**
Deduction (selling - redemptions - transfer)	(46,335,658)	(4,094)	**(46,339,752)**
Exchange revaluation differences for foreign financial assets	2,219,961	-	**2,219,961**
Profit (losses) from fair value difference	42,132	-	**42,132**
Impairment charges	(102,341)	-	**(102,341)**
Ending Balance as of Dec. 31, 2016	**5,447,291**	**53,924,936**	**59,372,227**

22.1. Profits (Losses) on financial investments

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Profit (Loss) from selling available for sale financial instruments	35,193	163,270
Released (Impairment) charges of available for sale equity instruments	(102,341)	(177,703)
Profit (Loss) from selling investments in associates	(90,447)	285,431
Released (Impairment) charges of associates	131,799	-
Profit (Loss) from selling held to maturity debt investments	263	-
Total	**(25,533)**	**270,998**

23 Investments in associates

EGP Thousands

Dec. 31, 2016	Company's country	Company's assets	Company's liabilities (without equity)	Company's revenues	Company's net profit	Investment book value	Stake %
Associates							
- International Co. for Security and Services (Falcon)	Egypt	300,739	208,188	301,390	12,478	36,723	35
Total		**300,739**	**208,188**	**301,390**	**12,478**	**36,723**	

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**	

24. Other assets

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Accrued revenues	3,318,761	2,892,503
Prepaid expenses	144,422	123,436
Advances to purchase of fixed assets	203,410	157,202
Accounts receivable and other assets	1,691,603	1,547,660
Assets acquired as settlement of debts	56,599	52,569
Insurance	19,768	15,921
Total	**5,434,563**	**4,789,291**

25. Property, plant and equipment

Dec. 31, 2016

	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total
Beginning gross assets (1)	64,709	804,922	1,192,514	70,161	483,217	415,795	131,641	**3,162,959**
Additions during the year	-	114,336	203,124	17,499	124,556	43,777	12,813	**516,105**
Ending gross assets (2)	**64,709**	**919,258**	**1,395,638**	**87,660**	**607,773**	**459,572**	**144,454**	**3,679,064**
Accumulated depreciation at beginning of the year (3)	-	280,234	897,584	42,250	413,848	327,697	111,165	**2,072,778**
Current year depreciation	-	34,958	131,660	5,654	54,520	44,825	13,764	**285,381**
Accumulated depreciation at end of the year (4)	-	**315,192**	**1,029,244**	**47,904**	**468,368**	**372,522**	**124,929**	**2,358,159**
Ending net assets (2-4)	**64,709**	**604,066**	**366,394**	**39,756**	**139,405**	**87,050**	**19,525**	**1,320,905**
Beginning net assets (1-3)	**64,709**	**524,688**	**294,930**	**27,911**	**69,369**	**88,098**	**20,476**	**1,090,181**
Depreciation rates		**%5**	**%33.3**	**%20**	**%33.3**	**%20**	**%20**	

Net fixed assets value on the balance sheet date includes EGP 258,773 thousand non registered assets while their registrations procedures are in process.

26. Due to banks

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Current accounts	271,470	224,002
Deposits	2,737,526	1,376,767
Total	**3,008,996**	**1,600,769**
Central banks	163,420	816,844
Local banks	2,636,009	271,845
Foreign banks	209,567	512,080
Total	**3,008,996**	**1,600,769**
Non-interest bearing balances	545,463	59,127
Fixed interest bearing balances	2,463,533	1,541,642
Total	**3,008,996**	**1,600,769**
Current balances	**3,008,996**	**1,600,769**

27. Due to customers

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Demand deposits	60,068,884	43,282,846
Time deposits	57,478,218	42,996,421
Certificates of deposit	69,215,320	37,518,922
Saving deposits	38,519,158	25,790,179
Other deposits	6,459,215	5,646,048
Total	**231,740,795**	**155,234,416**
Corporate deposits	110,157,621	82,185,251
Individual deposits	121,583,174	73,049,165
Total	**231,740,795**	**155,234,416**
Non-interest bearing balances	37,066,683	26,385,328
Fixed interest bearing balances	194,674,112	128,849,088
Total	**231,740,795**	**155,234,416**
Current balances	159,492,892	115,115,076
Non-current balances	72,247,903	40,119,340
Total	**231,740,795**	**155,234,416**

During the year, the Bank's total deposits increased by 12% representing actual increase after eliminating the devaluation impact.

28. Long term loans

	Interest rate %	Maturity date	Maturing through next year EGP Thousands	Balance on Dec. 31, 2016 EGP Thousands	Balance on Dec. 31, 2015 EGP Thousands
Financial Investment & Sector Cooperation (FISC)	3.5 - 5.5 depends on maturity date	3-5 years	1,111	2,778	3,889
Environmental Compliance Project (ECO)	3.5 - 5.5 depends on maturity date	3-5 years	-	-	550
Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	81,486	88,800	28,000
Social Fund for Development (SFD)	3 months T/D or 9% which is more	4 January 2020	63,178	68,665	98,889
Balance			**145,775**	**160,243**	**131,328**

29. Other liabilities

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Accrued interest payable	1,455,029	763,040
Accrued expenses	645,979	586,640
Accounts payable	1,329,189	1,078,821
Other credit balances	149,133	193,768
Total	**3,579,330**	**2,622,269**

30. Other provisions

Dec. 31, 2016	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance EGP Thousands
Provision for income tax claims	22,145	-	-	-	-	22,145
Provision for legal claims	29,556	9,630	1,456	(924)	(5,451)	34,267
Provision for Stamp Duty	31,000	-	-	-	(31,000)	-
Provision for contingent	759,174	132,845	579,997	-	(37,312)	1,434,704
Provision for other claim	19,886	8,372	2,097	(2,772)	(4,642)	22,941
Total	**861,761**	**150,847**	**583,550**	**(3,696)**	**(78,405)**	**1,514,057**

Dec. 31, 2015	Beginning balance	Charged amounts	Exchange revaluation difference	Utilized amounts	Reversed amounts	Ending balance EGP Thousands
Provision for income tax claims	22,145	-	-	-	-	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**

** Total Provision for other claim formed on December 31, 2016 amounted to EGP 3,730 thousand to face the potential risk of banking operations against amount EGP 8,416 thousand on December 31, 2015.*

31. Equity

31.1. 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 11,538,660 thousand to be divided on 1,153,866 thousand shares with EGP 10 par value for each share "and registered in the commercial register dated 19th April 2016.

- Increase issued and Paid in Capital by amount EGP 68,057 thousand on April 19,2016 to reach EGP 11,538,660 thousand according to Board of Directors decision on November 10, 2015 by issuance of seventh tranche for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 2,294,121 thousand on December 10, 2015 to reach 11,470,603 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 tranche 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 tranche for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 3,000,812 thousand on December 5, 2013 according to Extraordinary General Assembly Meeting decision on July 15,2013 by distribution of a one share for every two outstanding shares by capitalizing on the General Reserve.
- Increase issued and Paid in Capital by amount EGP 29,348 thousand on April 7,2013 to reach EGP 6,001,624 thousand according to Board of Directors decision on October 24,2012 by issuance of fourth tranche for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 37,712 thousand on April 9, 2012 in according to Board of Directors decision on December 22,2011 by issuance of third tranche for E.S.O.P program.
- Increase issued and Paid in Capital by amount EGP 33,119 thousand on July 31, 2011 in according to Board of Directors decision on November 10,2010 by issuance of second tranche for E.S.O.P program.
- 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 disbursement of this dividend, which includes staff profit share and remuneration of the Board of Directors stated in the law.

31.2. Reserves

According to The Bank status 5% of net profit is used to increase the legal reserve to reaches 50% of The Bank's issued and paid in capital.

Central Bank of Egypt concurrence for usage of special reserve is required.

32. Deferred tax assets (Liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets (Liabilities) Dec. 31, 2016 EGP Thousands	Assets (Liabilities) Dec. 31, 2015 EGP Thousands
Fixed assets (depreciation)	(28,741)	(22,367)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	16,300	14,553
Intangible Assets & Good will	17,090	3,255
Other investments impairment	86,845	123,243
Reserve for employee stock ownership plan (ESOP)	79,981	60,870
Interest rate swaps revaluation	3,722	335
Trading investment revaluation	18,338	78,927
Forward foreign exchange deals revaluation	(12,227)	(659)
Balance	**181,308**	**258,157**

33. Share-based payments

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

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

	Dec. 31, 2016 No. of shares in thousand	Dec. 31, 2015 No. of shares in thousand
Outstanding at the beginning of the year	20,373	21,872
Granted during the year	9,262	8,653
Forfeited during the year	(478)	(677)
Exercised during the year	(6,806)	(9,475)
Outstanding at the end of the year	**22,351**	**20,373**

Details of the outstanding tranches are as follows:

Maturity date	EGP Exercise price	EGP Fair value *	No. of shares in thousand
2017	10.00	18.27	7,935
2018	10.00	31.67	5,314
2019	10.00	28.43	9,102
Total			**22,351**

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

	10th tranche	9th tranche
Exercise price	10	10
Current share price	38.09	39.35
Expected life (years)	3	3
Risk free rate %	12.4%	13%
Dividend yield%	2.50%	2.00%
Volatility%	31%	31%

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

34. Reserves

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Legal reserve	1,035,363	803,355
General reserve	4,554,251	1,518,373
Retained earnings (losses)	31,462	(64,566)
Special reserve	30,778	30,214
Reserve for A.F.S investments revaluation difference	(2,180,243)	(2,202,462)
Banking risks reserve	3,019	2,513
Cumulative foreign currencies translation differences	8,588	-
Total	**3,483,218**	**87,427**

34.1. Banking risks reserve

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Beginning balance	2,513	1,991
Transferred to bank risk reserve	506	522
Ending balance	**3,019**	**2,513**

34.2. Legal reserve

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Beginning balance	803,355	621,084
Transferred from previous year profits	232,008	182,271
Ending balance	**1,035,363**	**803,355**

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

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Beginning balance	(2,202,462)	(593,236)
Unrealized losses from A.F.S investment revaluation	22,219	(1,609,226)
Ending balance	**(2,180,243)**	**(2,202,462)**

34.4. Retained earnings

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Beginning balance	(64,566)	(155,160)
Dividend previous year	(3,896)	(4,700)
Change in ownership percentage	11,666	1,368
Transferred to retained earnings (losses)	88,258	93,926
Ending balance	**31,462**	**(64,566)**

35. Cash and cash equivalent

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Cash and balances with central bank	10,522,040	9,848,954
Due from banks	58,011,034	21,002,305
Treasury bills and other governmental notes	39,177,184	22,130,170
Obligatory reserve balance with CBE	(5,438,235)	(8,268,202)
Due from banks with maturities more than three months	(2,565,895)	-
Treasury bills with maturities more than three months	(38,187,428)	(22,130,170)
Total	**61,518,700**	**22,583,057**

36. Contingent liabilities and commitments

36.1. Legal claims

There is a number of existing cases filed against the bank on December 31,2016 without provision as the bank doesn't expect to incur losses from it

36.2. Capital commitments

36.2.1. Financial investments

The capital commitments for the financial investments reached on the date of financial position EGP 36,533 thousand as follows:

	Investments value	Paid	Remaining
Available for sale financial investments	182,665	146,132	**36,533**

36.2.2. Fixed assets and branches constructions

The value of commitments for the purchase of fixed assets, contracts, and branches constructions that have not been implemented till the date of financial statement amounted to EGP 38,059 thousand.

36.3. Letters of credit, guarantees and other commitments

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Letters of guarantee	65,575,370	29,640,729
Letters of credit (import and export)	2,382,849	862,279
Customers acceptances	650,607	504,774
Total	**68,608,826**	**31,007,782**

36.4. Credit facilities commitments

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Credit facilities commitments	7,245,061	24,237,408

37. Mutual funds

Osoul fund

- CIB 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 8,454,956 with redeemed value of EGP 2,346,419 thousands.
- The market value per certificate reached EGP 277.52 on December 31, 2016.
- The Bank portion got 601,064 certificates with redeemed value of EGP 166,807 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 789,723 with redeemed value of EGP 101,937 thousands.
- The market value per certificate reached EGP 129.08 on December 31, 2016.
- The Bank portion got 194,744 certificates with redeemed value of EGP 25,138 thousands.

Aman fund (CIB and Faisal Islamic Bank Mutual Fund)

- CIB 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 459,607 with redeemed value of EGP 33,505 thousands.
- The market value per certificate reached EGP 72.90 on December 31, 2016.
- The Bank portion got 51,943 certificates with redeemed value of EGP 3,787 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 107,340 with redeemed value of EGP 17,577 thousands.
- The market value per certificate reached EGP 163.75 on December 31, 2016.
- The Bank portion got 50,000 certificates with redeemed value of EGP 8,188 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 1,007,657 with redeemed value of EGP 164,863 thousands.
- The market value per certificate reached EGP 163.61 on December 31, 2016.
- The Bank portion got 52,404 certificates with redeemed value of EGP 8,574 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 180,767 with redeemed value of EGP 23,344 thousands.
- The market value per certificate reached EGP 129.14 on December 31, 2016.
- The Bank portion got 50,000 certificates with redeemed value of EGP 6,457 thousands.

38. 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.

38.1. Loans, advances, deposits and contingent liabilities

	EGP Thousands
Loans and advances	156
Deposits	169,789
Contingent liabilities	1,436

38.2. Other transactions with related parties

	Income EGP Thousands	Expenses EGP Thousands
International Co. for Security & Services	175	346

39. Main currencies positions

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Egyptian pound	1,371,677	166,732
US dollar	(1,360,474)	(191,276)
Sterling pound	266	(660)
Japanese yen	851	356
Swiss franc	25	32
Euro	4,440	(8,018)

Important events

The Central Bank of Egypt, in its meeting held on November 3, 2016, decided to float the exchange rate for foreign currencies in order to give the banks operating in Egypt the flexibility to determine the sale and purchase price for foreign currencies within legal channels. Foreign currency exchange rates for the period subsequent to the decision have thus ranged between:

Key currencies

	Buy	Sell
US dollar	15.25	15.75
Euro	16.83	17.53

Accordingly, the value of foreign currency-denominated assets and liabilities may differ significantly from the values reported in the financial statements for the financial year which ended December 31, 2016. The income statement would also be impacted by the revaluation of the outstanding foreign currency positions on the date of financial position and in subsequent periods. Along with the exchange rate liberalization, the Central Bank of Egypt also decided to raise the overnight deposit and lending rates by 300 basis points to 14.75% and 15.75%, respectively, which is expected to impact the Bank's pricing policies for its current and future products.

40. Tax status

Corporate income tax

The Bank's corporate income tax position has been examined, paid and settled with the tax authority since the operations start up until the end of year 2014.

Corporate income tax annual report is submitted.

Salary tax

The Bank's salary tax has been examined, paid and settled since the operations start up until the end of 2013.

The Bank's salary tax is currently under examination for the period 2014-2015.

Stamp duty tax

The Bank's stamp duty tax has been examined and paid since the operations start up until 31/7/2006. Any disputes are currently under discussion at the tax appeal committee and the court for adjudication.

The Bank's stamp duty tax is being re-examined for the period from 1/8/2006 till 30/9/2015 according to the protocol between the Federation of Egyptian banks and the tax authority.

41. Goodwill and Intangible assets:

41.1 Goodwill and Intangible assets:

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Book value	209,842	217,078
Goodwill impairment	(209,842)	(7,236)
Net book value	-	**209,842**

41.2 Intangible assets:

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Book value	651,041	651,041
Amortization	(151,910)	(21,701)
Net book value	**499,131**	**629,340**

According to CBE's regulation issued on December 16, 2008, an annual amortization of 20% has been applied on intangible assets starting from acquisition date. Goodwill amount was fully impaired on 31 December 2016.

42. Non current assets held for sale

Assets

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Due from banks	653,742	246,791
Treasury bills and other governmental notes	21,214	2,085
Trading financial assets	36,894	33,655
Brokerage clients - debit balances	463,052	657,560
Financial investments available for sale	9,850	16,123
Reconciliation accounts- debit balances	-	978
Goodwill	22,981	-
Other assets	3,576,254	86,525
Deferred tax assets	-	3,234
Property, plant and equipment	106,451	19,319
Total	**4,890,438**	**1,066,270**

Liabilities

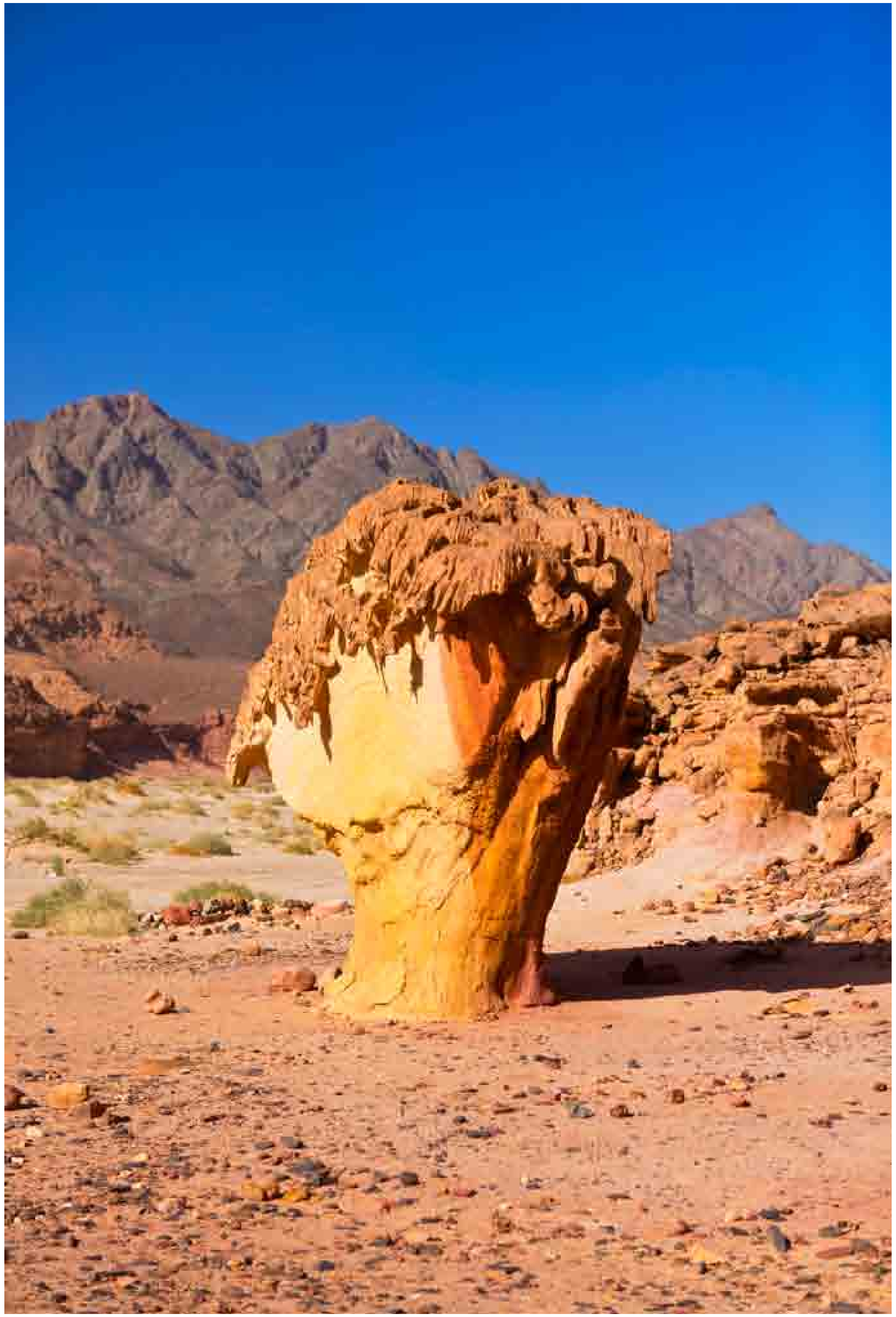
	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Brokerage clients - credit balances	616,845	223,840
Due to customers	19,589	-
Other liabilities	2,972,202	124,628
Current tax liabilities	37,214	13,653
Other provisions	38,826	9,501
Total	**3,684,676**	**371,622**
Minority interest	89,689	4,066
	3,774,365	375,688
Net	**1,116,073**	**690,582**

Profit from discontinued operations

	Dec. 31, 2016 EGP Thousands	Dec. 31, 2015 EGP Thousands
Interest and similar income	122,476	7,692
Interest and similar expense	(347,012)	(59,443)
Fee and commission income	781,147	301,859
Fee and commission expense	(1,869)	(1,393)
Dividend income	3,379	2,555
Other provisions	(22,127)	-
Net trading income	75,436	(6,627)
Administrative expenses	(250,177)	(181,634)
Other operating (expenses) income	29,263	8,152
Financial lease	(232,476)	-
Net Profit Before Tax	**158,040**	**71,161**
Income tax expense	(29,778)	(13,653)
Deferred tax	(886)	3,607
Net profit of the year	**127,376**	**61,115**

CIB EGYPT
GALLERY

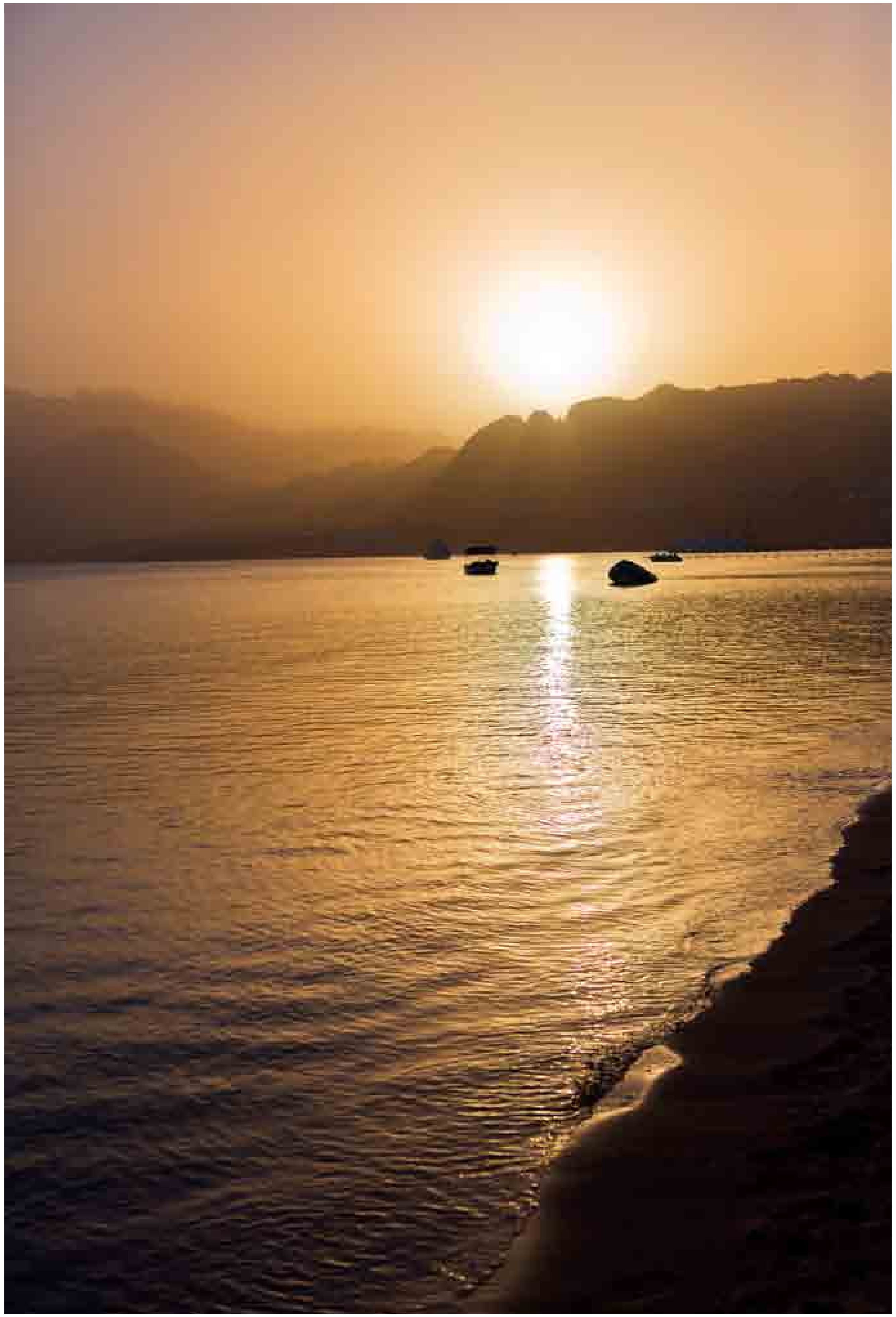
Cleopatra is believed to have visited Siwa to consult with Greek oracle Jupiter Amun and bathe in the spring, which is now named after her.



White Canyon, Dahab.

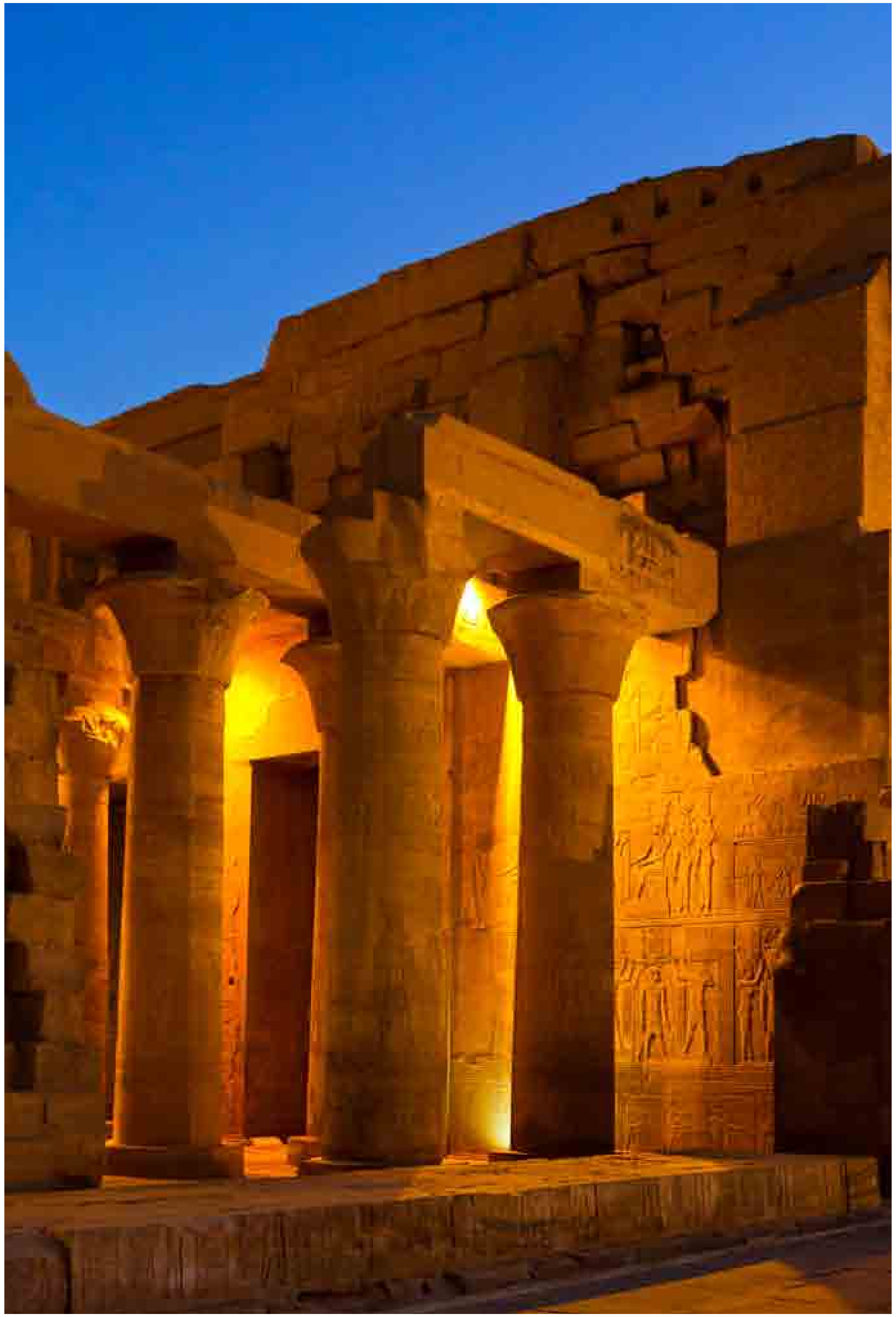
Citadel of Qaitbay, Alexandria.

Feluccas on the Nile, Aswan.

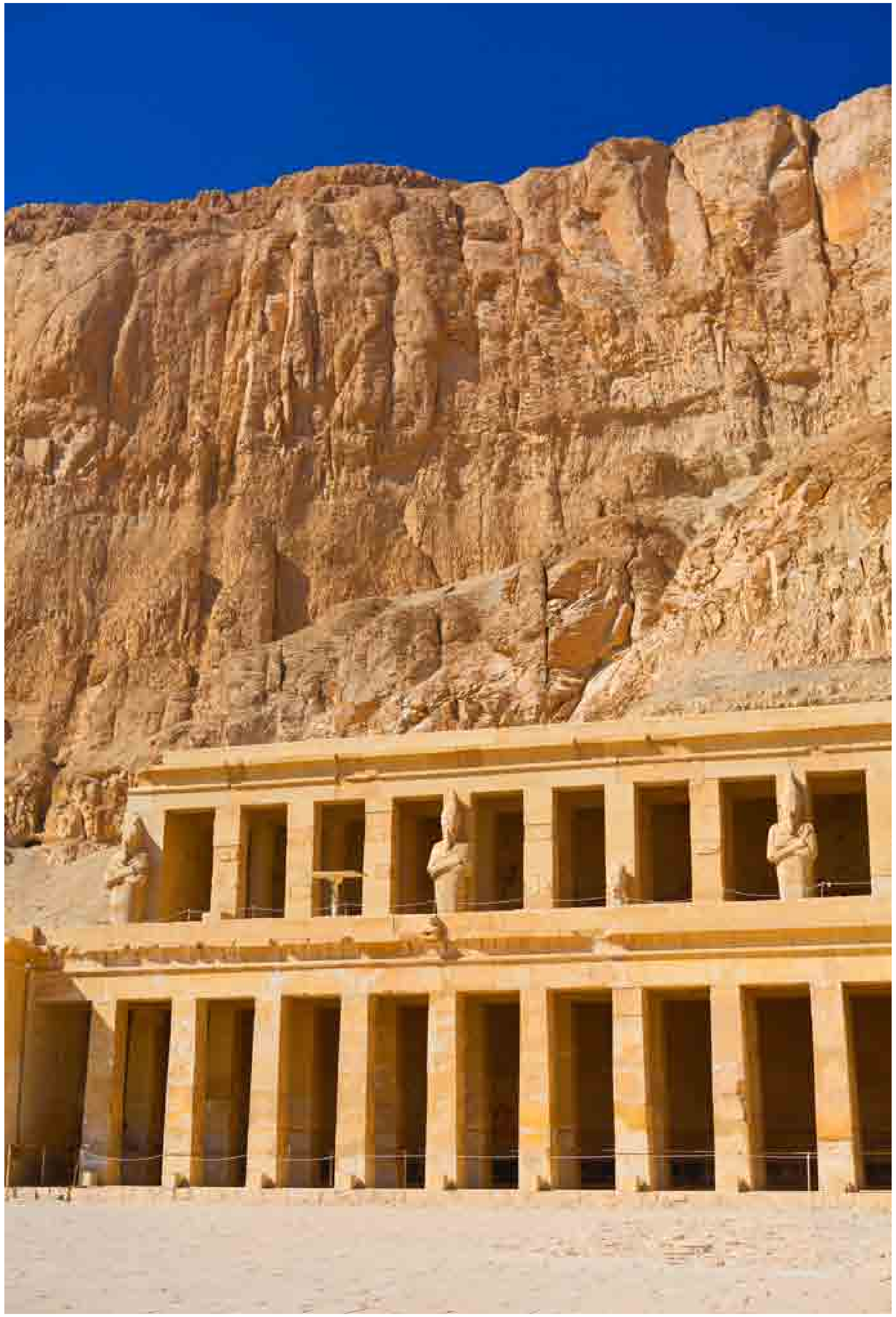


Shores of Dahab.

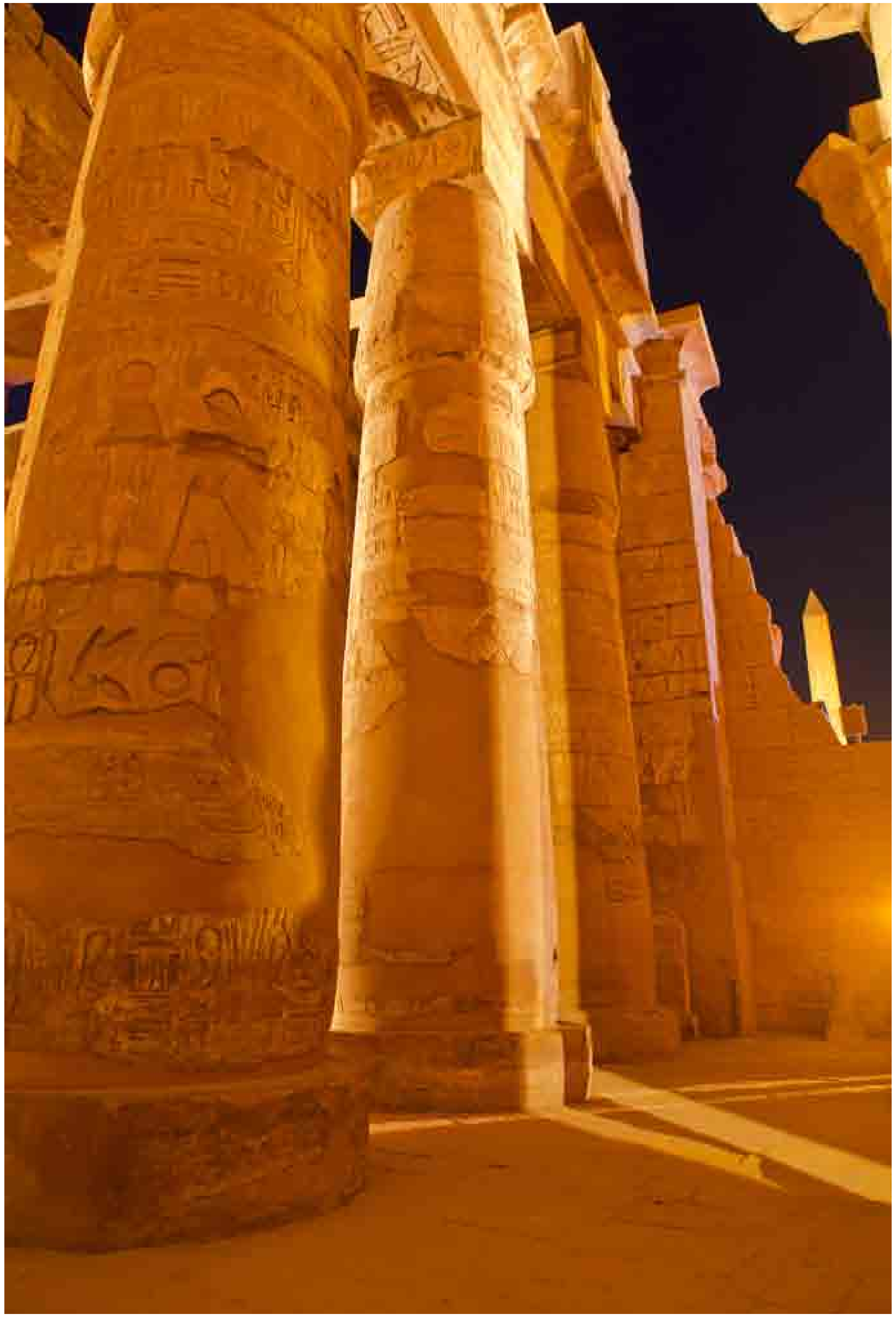
Maydom Pyramid, Fayoum.



Kom Ombo Temple, Aswan.

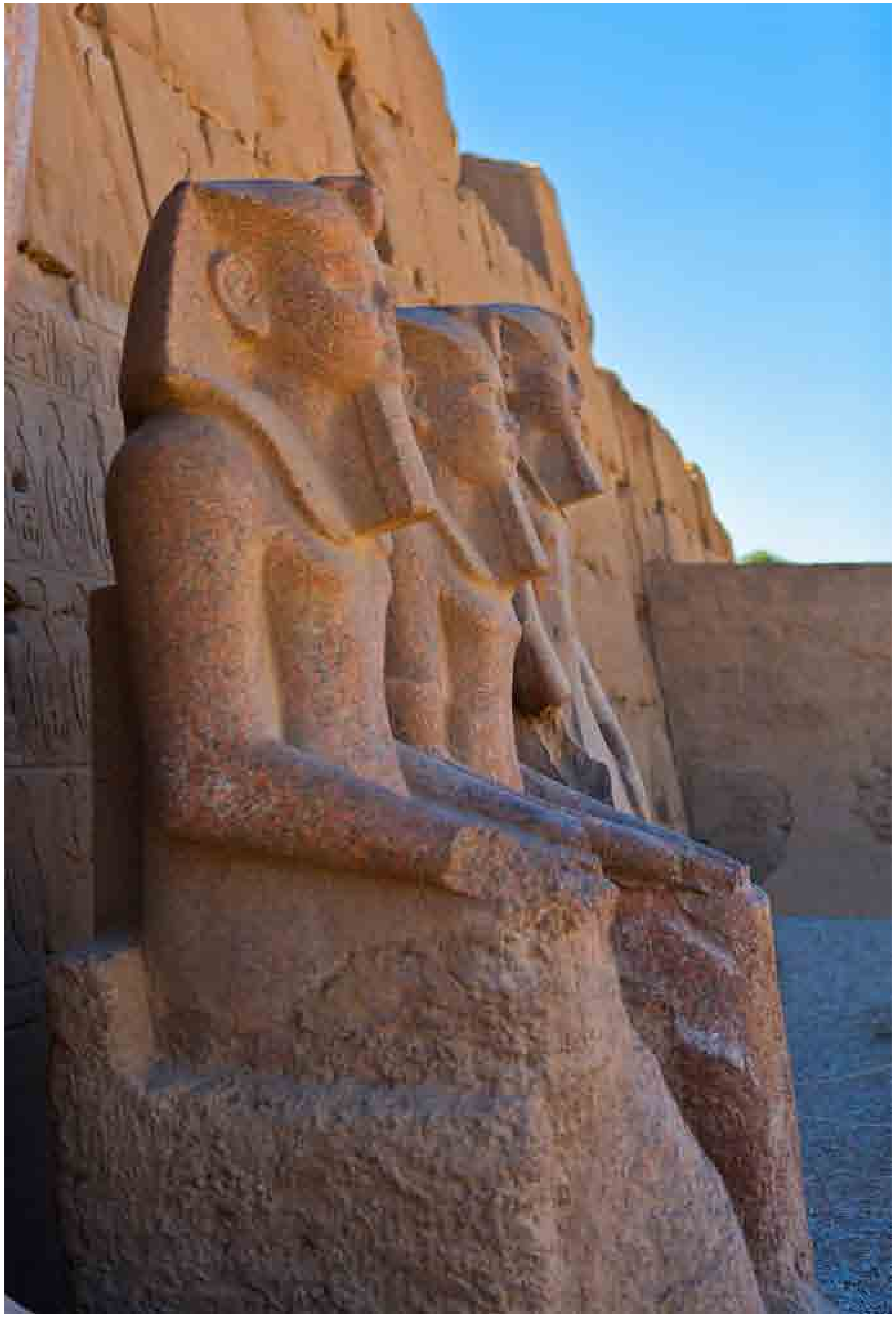


Mortuary Temple of Hatshepsut, Luxor.



Karnak Temple Complex, Luxor.

Karnak Temple Complex, Luxor.

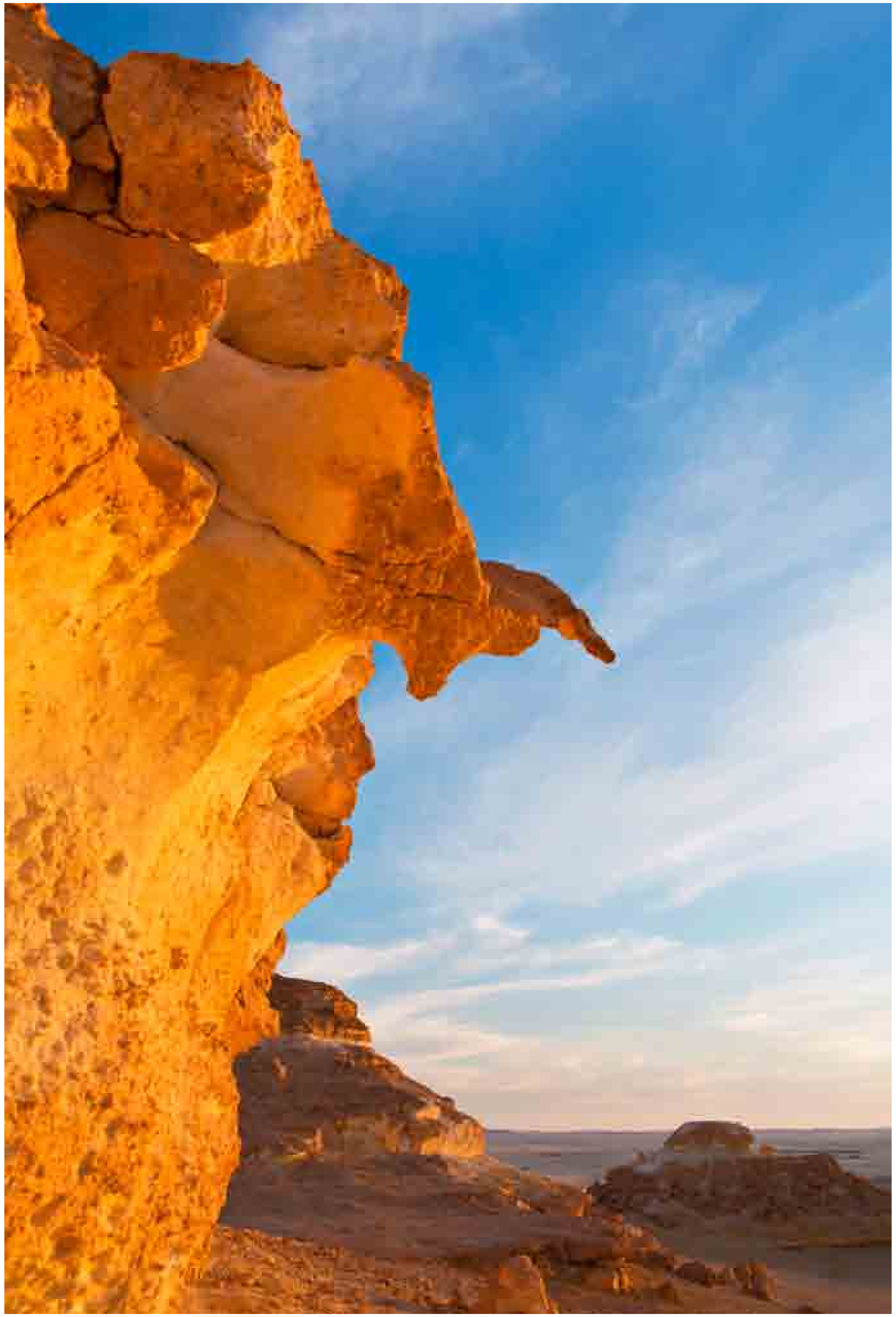


Karnak Temple Complex, Luxor.

Montazah Palace, Alexandria.

Waters of Ras Mohamed.

Shores of Sharm El Sheikh.



Siwa Desert.

Siwa Oasis.

Lake Fetnas, Siwa.

Sunset at Saint Catherine.

Wadi El Rayyan, Fayoum.

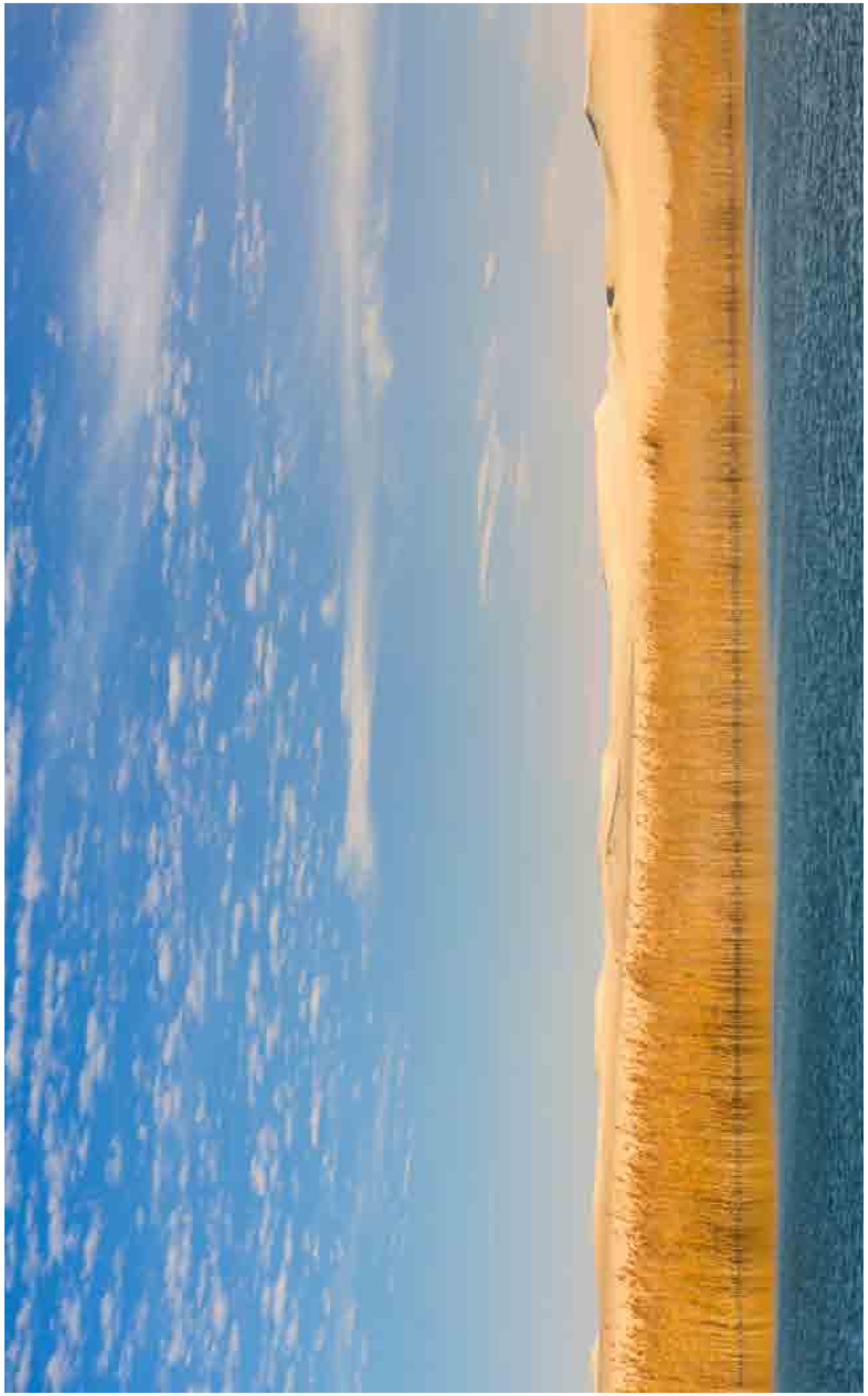
Feluccas on the Nile, Aswan.

Montazah, Alexandria.

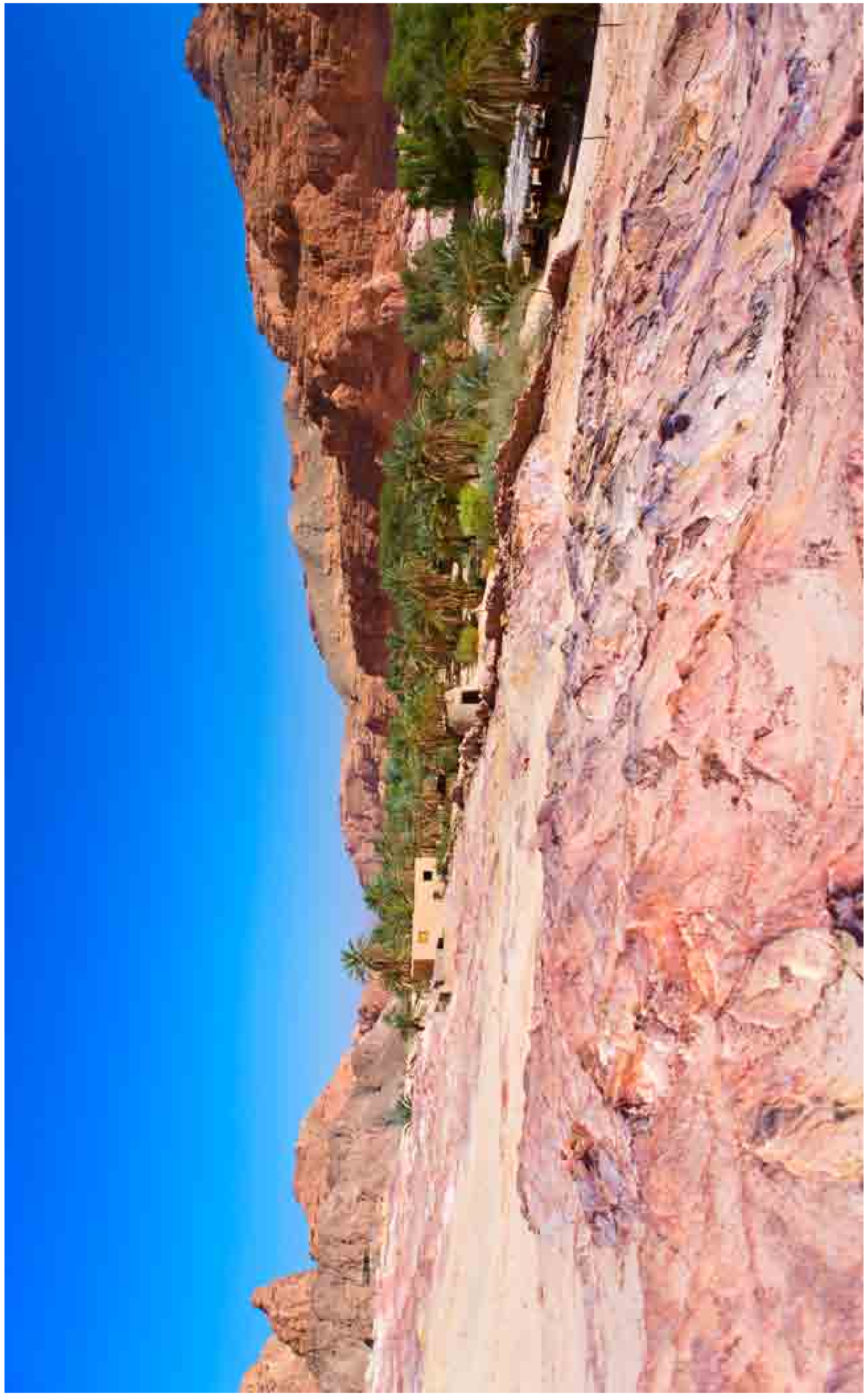
Mount Catherine, Saint Catherine.

Greek Club, Alexandria.


Siwa Desert.


Siwa Oasis.

Wadi El Rayan, Fayoum.



White Canyon, Dahab.

Hot Air Balloon, Luxor.

Agiba Beach, Marsa Matrouh.

Waters of Ras Mohamed.

Nuweiba Coastline.

Mount Catherine, Saint Catherine.

Siwa Desert.

Temple of the Oracle, Siwa.

Mount Catherine, Saint Catherine.

Philae Temple, Aswan.

Citadel of Qaitbay, Alexandria.

Nuweiba Coastline.

A BANK TO TRUST

Commercial International Bank S.A.E

Nile Tower Building
21/23 Charles De Gaulle Street
Giza, Cairo, P.O. Box 2430
Tel: (+202) 3747 2000
Fax: (+202) 3570 3632
www.cibeg.com