Your Bank
At Your Convenience

Annual Report 2017

CIB

cibeg.com

A BANK TO TRUST

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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	• 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 the 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 (MCSD) • First Egyptian bank to form Board of Directors Audit Committee • First Internal Audit Department to be independent • One of the first Egyptian banks to establish a Custody Department • One of the first Egyptian banks to establish a brokerage arm (CIBC)
2000	• First two Certified Bank Auditors (CBA)

EGP BN
7.5
net profit

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 through 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 bylaws, 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

2013

- First Egyptian bank to receive JP Morgan Elite STP Award
- First Egyptian bank to upgrade its ADR to be traded on OTCQX platform
- 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, & 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 paediatric 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 for 2016 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

2017

- Euromoney names CIB the “World’s Best Bank in the Emerging Markets,” making it the first bank in the Middle East and Africa to win this prestigious award
- CIB is the first Egyptian bank to win the “Best Bank in the Middle East” award by Euromoney
- CIB is ranked first in the Sustainability Index of the Egyptian Stock Exchange ‘S&P/EGX ESG’ for the fourth year in a row since 2014. The EGX launched the sustainability index in cooperation with Standard and Poor’s (S&P) and the Egyptian Institute of Directors (EloD) in March 2010.
- CIB becomes the only Egyptian bank in the Financial Times Stock Exchange (FTSE) for the second consecutive year under the FTSE4Good Index

INTRODUCTION

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, Chase divested its ownership stake as part of a shift in its international strategy. NBE acquired the stake, adopting the new name Commercial International Bank (CIB).

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. 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 with 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 has two affiliates, namely Falcon Group and CI Capital Holding, with an ownership of 32.5% and 10%, respectively. Falcon Group offers security services, cash in transit, property management, general and technical services, and CI Capital Holding offers asset management, investment banking, brokerage and research services, and financial leasing after it acquired CIB's stake in CORPLEASE in December 2015.

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 provides its clients with innovative financial solutions that satisfy all of their financial needs and facilitate their lives. This allows us to maintain our market leadership and allows us to offer our staff an engaging work environment while simultaneously generating value for all our shareholders.

A Snapshot of **Our Businesses**

Corporate Banking and Global Customer Relations Group

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 grow and develop within the institution, dedicating efforts to improve customer satisfaction through delivering 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***: We provide 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 the way 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 serves small and medium-sized enterprises (SMEs), as well as large enterprises with client revenue ranging between EGP 1 million to over EGP 200 million.

Key **Facts**

Authorised capital of EGP 20 billion	Completion of LED lighting system bank-wide, with reduction in consumption by 1,840,229 KWs
Issued and paid-in capital of EGP 11,618,011 thousand	294,839 Internet Banking users
Our 6,551 employees serve some 1,142,550 active customers	More than 11 million website visits[1]
Over 500 of Egypt's largest corporations bank with CIB	Reduced paper consumption by 4.8% or more than 1 million sheets of paper

#1 Bank in terms of[2] :

PROFITABILITY
achieving EGP 7.52 billion in net income

REVENUE
among all Egyptian private sector banks with EGP 14.88 billion in total revenues

NET WORTH
EGP 28.4 billion in net worth, the highest among all Egyptian private-sector banks

TOTAL ASSETS
EGP 295 billion in total assets, the highest among all Egyptian private-sector banks

TOTAL DEPOSITS
EGP 251 billion in total deposits with 7.80% market share, the largest deposit market share[3] among all private-sector banks

MARKET CAPITALISATION
EGP 94.8 billion, the largest in the Egyptian banking sector[4]

1- CIB's official website: www.cibeg.com | 2- Figures on a consolidated basis | 3- As of September 2017 | 4- As of December 2017

Key Financial
Highlights

	FY 17 Consolidated	FY 16 Consolidated	FY 15 Consolidated	FY 14 Consolidated	FY 13 Consolidated	FY 12 Consolidated	FY 17	FY 16	FY 15	FY 14	FY 13	FY 12	FY 11	FY 10	FY 09	FY 08
Common Share Information Per Share																
Earning Per Share (EPS) *							5.76	4.56	3.58	3.55	2.67	2.42	2.43	3.00	2.63	4.89
Dividends (DPS)							1.00	0.50	0.75	1.20	1.00	1.25	1.00	1.00	1.50	1.00
Book Value (BV/No of Share)							24.43	18.44	14.39	16.31	13.46	18.94	15.03	14.59	23.75	19.25
Share Price (EGP) **																
High							88.8	73.6	47.4	51.3	45.4	39.8	47.4	79.49	59.7	93.4
Low							71.1	30.8	28.9	32.6	27.4	21.1	18.5	33.75	29.5	27.87
Closing							77.4	76.4	38.1	49.2	32.6	34.6	18.7	47.4	54.68	37.2
Shares Outstanding (millions)							1161.8	1153.9	1147.1	908.2	900.2	597.2	593.5	590.1	292.5	292.5
Market Capitalisation (EGP millions)							89,865	88,155	43,692	44,673	29,330	20,646	11,098	27,973	15,994	10,881
Value Measures																
Price to Earnings Multiple (P/E)							13.4	16.8	10.6	13.9	12.2	14.3	7.7	15.8	20.8	7.6
Dividend Yield (based on closing share price)							1.29%	0.65%	1.97%	2.44%	3.07%	3.62%	5.35%	2.11%	2.74%	2.69%
Dividend Payout Ratio							15.4%	9.7%	18.5%	29.9%	34.4%	33.9%	33.9%	27.6%	24.6%	18.1%
Market Value to Book Value Ratio							3.17	4.14	2.65	3.02	2.42	1.83	1.24	3.25	2.30	1.93
Financial Results (EGP millions)																
Net Operating Income***	14,884	11,315	10,189	7,741	6,700	5,344	15,186	11,370	10,165	7,717	6,206	5,108	3,837	3,727	3,173	3,200
Provision for Credit Losses - Specific	1,742	893	1,682	589	916	610	1,742	893	1,682	589	916	610	321	6	9	346
Provision for Credit Losses - General																49
Total Provisions	1,742	893	1,682	589	916	610	1,742	893	1,682	589	916	610	321	6	9	395
Non Interest Expense	3,113	2,433	2,025	1,705	1,608	1,653	3,113	2,433	2,028	1,705	1,450	1,445	1,337	1,188	1,041	950
Net Profits	7,516	6,009	4,729	3,741	3,006	2,226	7,550	5,951	4,641	3,648	2,615	2,203	1,749	2,141	1,784	1,615

** Based on net profit available for distribution (after deducting staff profit share and board bonus) and unadjusted to stock dividends)*
*** Unadjusted to stock dividends*
**** 2016, 2015 and 2014 exclude CI Capital profit (discontinued operations)*

	FY 17 Consolidated	FY 16 Consolidated	FY 15 Consolidated	FY 14 Consolidated	FY 13 Consolidated	FY 12 Consolidated	FY 17	FY 16	FY 15	FY 14	FY 13	FY 12	FY 11	FY 10	FY 09	FY 08
Common Share Information Per Share																
Financial Measures																
Cost : Income	20.75%	21.36%	19.61%	22.84%	23.54%	30.64%	20.34%	21.26%	19.69%	22.91%	22.89%	28.01%	35.26%	33.11%	32.31%	29.89%
Return on Average Common Equity (ROAE)****	32.45%	34.24%	33.46%	31.31%	29.45%	25.49%	32.71%	34.03%	32.80%	30.25%	24.77%	24.18%	22.23%	30.46%	31.18%	34.98%
Net Interest Margin (NII/average interest earning assets)							4.97%	5.47%	5.74%	5.41%	5.36%	4.74%	3.71%	3.62%	3.81%	3.54%
Return on Average Assets (ROAA)	2.69%	2.71%	2.95%	2.94%	2.93%	2.51%	2.72%	2.70%	2.90%	2.87%	2.54%	2.47%	2.20%	3.11%	2.97%	3.10%
Regular Workforce Headcount	6,551	6,714	6,332	5,697	5,490	5,181	6,551	6,422	5,983	5,403	5,193	4,867	4,517	4,360	4,162	3,809
Balance Sheet and Off Balance Sheet Information (EGP millions)																
Cash Resources and Securities (Non. Governmental)	63,684	77,523	34,808	19,328	16,413	16,140	63,673	73,035	34,097	19,430	16,646	16,764	19,821	16,854	16,125	14,473
Net Loans and Acceptances	88,428	85,384	56,836	48,804	41,866	41,877	88,428	86,152	57,211	49,398	41,970	41,877	41,065	35,175	27,443	26,330
Assets	294,782	267,544	179,500	143,813	113,752	93,957	294,771	263,852	179,193	143,647	113,752	94,405	85,628	75,093	64,063	57,128
Deposits	250,723	231,741	155,234	121,975	96,846	78,729	250,767	231,965	155,370	122,245	96,940	78,835	71,574	63,480	54,843	48,938
Common Shareholders Equity	28,439	21,374	16,535	14,754	11,960	10,765	28,384	21,276	16,512	14,816	12,115	11,311	8,921	8,609	6,946	5,631
Average Assets	281,163	223,522	161,657	128,783	103,854	89,731	279,312	221,523	161,420	128,700	104,079	90,017	80,361	69,578	60,595	52,396
Average Interest Earning Assets	257,931	203,053	146,033	117,031	94,749	80,063	258,315	203,625	145,835	117,133	94,605	79,834	70,549	61,624	53,431	44,602
Average Common Shareholders Equity	24,907	18,955	15,645	13,357	11,362	9,738	24,830	18,894	15,664	13,465	11,713	10,116	8,765	7,777	6,288	4,856
Balance Sheet Quality Measures																
Equity to Risk-Weighted Assets****	15.60%	13.34%	15.76%	15.77%	15.28%	14.88%	15.56%	13.28%	15.74%	15.84%	15.50%	15.69%	14.49%	15.85%	15.34%	13.93%
Risk-Weighted Assets (EGP billions)	169	150	96	84	70	65	169	150	96	84	70	65	55	49	41	37
Tier 1 Capital Ratio*****	16.20%	12.90%	15.01%	15.70%	15.23%	14.33%	16.20%	12.90%	15.01%	15.70%	15.23%	14.33%	14.15%	15.66%	15.28%	13.74%
Adjusted Capital Adequacy Ratio*****	19.30%	13.97%	16.06%	16.77%	16.32%	15.71%	19.30%	13.97%	16.06%	16.77%	16.32%	15.71%	15.40%	16.92%	16.53%	14.99%

***** Total equity after profit appropriation*
****** After profit appropriation, from 2012 to 2017 as per Basel II regulations*

Strategy

Striving for Excellence is Our Strategy

As we adapt to ever-changing market dynamics, CIB has persistently delivered strong performance throughout the years while maintaining a holistic and forward-looking approach. Our strategy and strength lies in our continuous ability to create value for our clients, shareholders and society. Our employees are the mechanism by which the organisation thrives, and we are committed to uncovering and developing the true potential of our human capital while providing opportunities for growth, innovation and enrichment to continue building a high-performance culture.

Our clients remain at the heart of our organisation. With data analytics continuing to broaden our view of customers' behaviors and lifestyles, CIB has exerted significant effort toward customer centricity in terms of product design and service models. Multiple digital initiatives will pave the way to improved cost efficiency to support financial inclusion and further enhance the customer experience and the satisfaction of our retail, SME, and large corporate clients.

Our strategy goes hand-in-hand with the wellbeing of society and the environment in which we operate. As the Bank seeks to create value for shareholders and customers, we also work to embed socially and environmentally responsible business practices in our operations.

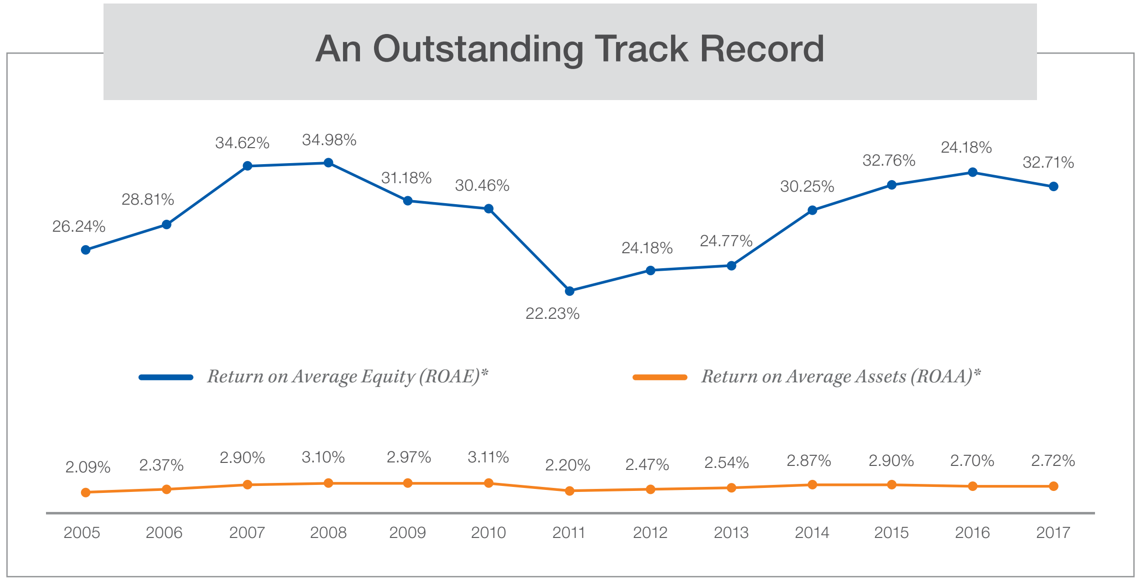
Our Vision
To uphold CIB's distinct reputation as a leading and trusted financial institution in Egypt, respected for its people, strong core values, performance and commitment to inclusive, responsible and sustainable growth.

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



** Both after profit appropriation on a standalone basis*

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
- 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

Having first offered its shares to the public in 1995, CIB has since become the biggest constituent on the Egyptian Stock Exchange (EGX) and is viewed as the gateway to Egypt. Investors and analysts often view CIB's stock as a proxy for the Egyptian market, with the Bank acting as a mirror for the local banking sector. The economy's growth prospects are generally depicted in the credit outlook, while retail banking is seen as portraying the longer-term story of financial inclusion.

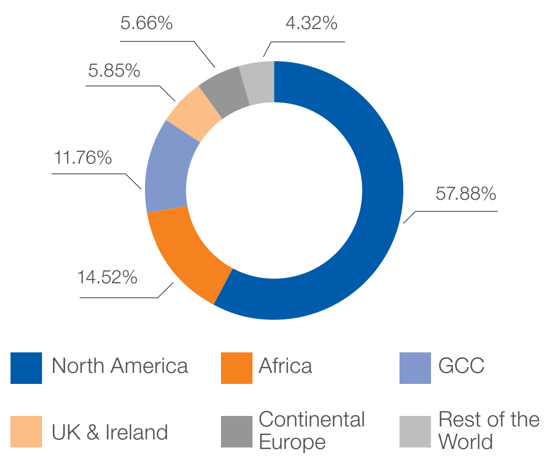
CIB was the first Egyptian bank to offer its shares on international markets with a Global Depository Receipt (GDR) program on the London Stock Exchange (LSE) in 1996. In 2001, CIB was again a first, being the first Egyptian bank to register its shares on New York Stock Exchange (NYSE) in the form of 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.

In 2017, in relation to the listing and admission of the official list and trading on the LSE, CIB increased the number of its allowed GDRs to be issued by an additional 1,000,000,000 GDRs to 1,680,000,000 from 680,000,000. By the end of 2017, CIB's DR outstanding position was 387,213,140, representing 33.3% of issued shares.

CIB has the highest weight (around 34%) 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 capitalisation of EGP 89.9 billion as of end-December 2017. More to the point, CIB's market capitalisation surpassed EGP 100 billion in July 2017, which is the highest ever in EGX history and the first time a listed company reaches this mark.

As of December 2017, CIB's institutional shareholder structure was broken-down by region as follows:



CIB works diligently to increase value for its stakeholders. One way to do so is through the Bank's active Investor Relations team, which maintains a proactive investor relations program to keep shareholders abreast of developments that could have had an impact on its performance. The Investor Relations team and senior management invest significant time in one-on-one meetings, road shows, investor conferences, conference calls, and consistent stream of disclosures while simultaneously ensuring analysts have the information they need to maintain balanced coverage of the Bank's shares.

During 2017, the Investor Relations team along with senior management took part in 12 local and international investor conferences held in the UK, US, Africa and the Gulf, in addition to seven international roadshows and two business trips. In addition to several in-house meetings, the team conducted a total of 275 meetings throughout the year over one-on-one as well as group meetings and met with 459 local and international investment funds and research analysts. CIB hosted several conference calls throughout the year, bringing its senior management together with the investor community in 2017. 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 to make informed investment decisions.

As a result of the team's conscious efforts to boost corporate access, in a 2017 study conducted by the Middle East Investor Relations Association (MEIRA) in partnership with Extel, CIB's CEO received the "Best IR by CEO in the Middle East", and a member of the IR team received a nod as the "Best Investor Relations Professional – Egypt". This is the fourth year running in which CIB has received at least one award from MEIRA.

Symbols and Codes

Symbols and Codes
Egyptian Stock Exchange (EGX) SYMBOL: COMI
London Stock Exchange (LSE) SYMBOL: CBKD
OTCQX Int'l Premier (Level 1 ADR program) SYMBOL: CIBEY

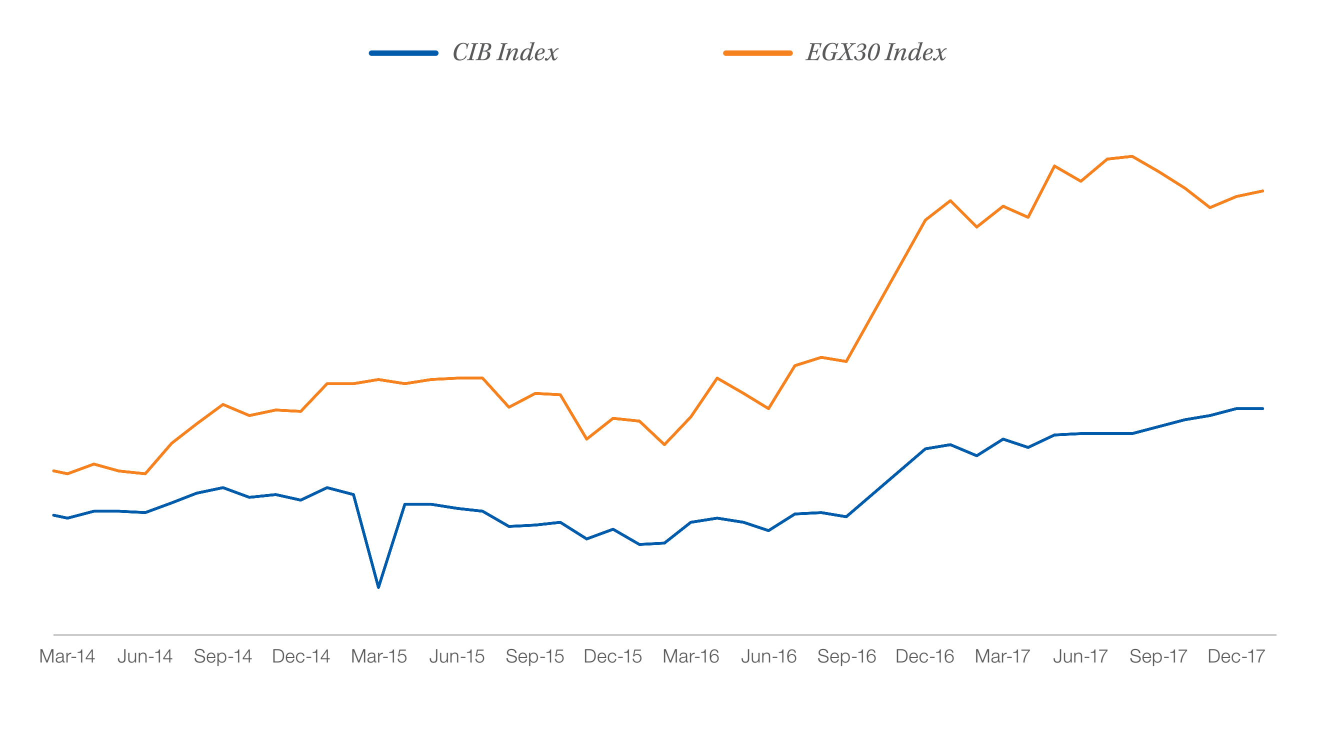
Equity Analysts' Ratings

CIB is widely covered by leading research houses both locally and internationally. In 2017, eight institutions regularly issued research reports on CIB. As of the end of 2017, 56% analysts held Buy, 31% analysts held Hold and 13% analysts held Sell recommendations on CIB.

"

CIB has become the biggest constituent on the Egyptian Stock Exchange (EGX) and is viewed as the gateway to Egypt.

Stock Performance in 2017



Key Indicators

93% Free Float	EGP 10 Par Value
1:1 GDR Convertibility	EGP BN 89.9 Largest Market Cap
34% Highest Weight on EGX 30	EGP 5.76 Earnings per Share

A Note From
Our Chairman

> Our ability to adapt and commitment to innovation have driven us throughout the past seven years.

Dear Shareholders,

If our nation has honed just one skill since 2011, it is our capacity to innovate — to adapt to changing circumstances brought about by a sharp reimagining of what our economic future could look like. Born of revolution, the Sisi administration's deep economic reform program has involved everything from a radical (and sorely needed) shift in foreign exchange policy to the phase-out of a subsidy regime that has for decades disproportionately benefitted the wealthy.

Today, two things are clear: First, that bold policy decisions, the natural diversity of our economy, and a hard-working business community have seen Egypt emerge as the premier investment destination in the Middle East and Africa. Our competitive advantages rest on the clarity of our nation's pro-business policy and regulatory frameworks, our newfound global export competitiveness, and the sheer size of a 100-million-strong (and growing) consumer market.

Second, we will not make good on our potential unless we redouble our commitment to innovation.

In our nation's banking industry, this means continuing to embrace technology across all segments — from back office to front office, from nano-credit to the largest syndicated facilities we extend our corporate clients. Technology will help us bank the unbanked. It will help us create products that make a meaningful difference in the lives of our clients. And it will help us develop sustainable profit streams that accrue to the benefits of our shareholders.

A year ago, on this same page, I noted that one of the defining questions for our industry was how we could harness technology to drive financial inclusion and sharply raise a banking penetration rate in a market that remains exceptionally underbanked, regardless of the metric or methodology underpinning the study.

That question has since become high on the minds of policymakers in both government and at our industry's regulator. In the 12 months since our last annual report, Egypt has created a National Payments Council headed by the President of the Republic. Egypt hosted in Sharm El Sheikh the premier global conference on financial inclusion, attended by central bank governors, government officials and senior industry players. Regulations passed by the Central Bank of Egypt in 2018 are set to pave the way for mobile payments in the retail space.

The upside potential of this sea of change is why the transformative power of technology has been one of the fundamental building blocks of both our short- and long-term strategies for the past three years as we build the bank of the future.

In doing so, it is imperative that we move away from backward-looking models and focus on prediction by harnessing the power of data analytics. The quality and power of the data banks possess is on par with that held by mobile operators, and it is already changing how we make credit decisions, formulate new products and reach the unbanked.

Later this quarter, we will harness the power of data analytics to roll out our first nano-credit product in partnership with a major technology-enabled service provider. Our own mobile wallet is in the pipeline and will allow mobile-to-mobile payments using the domestic clearinghouse. In partnership with the Federation of Egyptian Banks and the regulator, we are moving toward a day when clients will be able to open new accounts with little-to-no physical paper.

Pilot programs will also allow us to marshal data analytics to do better at everything from client retention and satisfaction to marketing and corporate credit decisions. In the last case, we will be taking everything we know about our clients — from inventory to receivables, salaries, overdrafts and cash management — and developing predictive models

EGP MN

89.9

market capitalisation
as of year-end

that will allow us not just to make more informed up-front credit decisions, but to also reach out to clients in the earliest phase of a potential challenge to discuss how we can work together to ensure they are ultimately successful.

"Credit is follow-up," the saying goes. Our mission is to make it about preventive medicine, not postmortems. It is about taking the drudgery out of followup by allowing artificial intelligence engines to do what they do best (discern patterns in large data sets and bring them to the attention of human beings) and to allow our credit officers to do not just what they do best, but what they enjoy most: working directly to help clients be successful in growing their businesses.

In parallel, it is also increasingly obvious that driving financial inclusion will demand a similarly deep commitment to innovation. Will the next successful banking app allow a millennial to order a streaming video? Order a pizza? Order a taxi cab?

In an age in which banks are increasingly outside the circle of innovation — when governments can raise funds for a bond issuance by directly tapping subscribers on their mobile phones, as Kenya did last year with its M-Akiba bond — innovation has never been more critical to our industry.

That's why we are very excited to be launching a USD 10 million captive venture capital fund that will look specifically at opportunities in FinTech and related verticals.

It is against this backdrop that I am very pleased to be closing the books on 2017, a year in which we posted stellar results even as we and our clients grappled with the impact of record inflation, exceptional interest rates, the float of the Egyptian pound and the phase-out of subsidies.

Looking ahead, we are cautiously optimistic that 2018 — the second half in particular — will see Egypt's economy gain momentum. An eventual correction in interest rates will help spur foreign direct investment, improving appetite for greenfields at the same time as it prompts existing businesses to resume borrowing. That cycle, when it begins, will kickstart a long chain of commercial activities that will ultimately benefit CIB as the nation's leading private-sector bank.

Our ability to adapt and commitment to innovation have driven us throughout the past seven years, but the story is more nuanced than that: We would not have preserved — even extended — our market leadership if our competitive metabolism wasn't high.

That competitive metabolism is deeply rooted in our organisation, from our strategy to the targets we set and the people who manage the execution phase. I have every confidence that technology will help our outstanding 6,551 staff members raise their competitive metabolism and embrace technology as a means of creating new value not just for this institution, but for our valued customers, in the year ahead.

Hisham Ezz Al-Arab
Chairman and Managing Director

Board of Directors' Report

EGP
5.76
earnings per share

In a challenging year marked by high inflation, a tightened monetary policy and a general economic slowdown, CIB delivered record results and solidified its position as a leader of the Egyptian banking industry, posting consolidated net income of EGP 7.52 billion (up 25.07%y-o-y) and revenues of EGP 14.88 billion (a 31.54% rise over the previous year).

Anchored in an approach that prioritises sustainable, disciplined growth, CIB navigated the turbulent environment of 2017 by calling on its three-pronged strategy of dynamic balance sheet management, investing in technology, and talent enhancement. These pillars allowed CIB to deliver on its commitment to create additional value for stakeholders while building a sustainable business model to deliver and maintain growth going forward.

The Macro Outlook

2017 was characterised by high interest rates as the state targeted control of substantial inflation. As a largely import-reliant economy, inflation recorded historically high levels throughout the year. Headline inflation soared to 30.82% in October, before falling to 26.00% in November on the base effect and then improving slightly 1% m-o-m from 1.1% in October. Annual core inflation fell to 25.54% in November, down from 30.53% in October.

The Monetary Policy Committee hiked interest rates by a total of 700 basis points following the currency float in November 2016 in a program that continued to deliver rate hikes into the summer of 2017. The overnight deposit and lending rates were raised to 18.75% and 19.75%, respectively, in July with the CBE's main operation rate recording 19.25%. As a result, company borrowing slowed drastically at the same time as domestic demand fell, due to inflation.

Despite these pressures, consumption remained the primary driver of GDP growth in Egypt, even with a modest rise in investment and net exports, recording EGP 3,363 billion for FY2016-17. Egypt's current account deficit reflected significant improvement as the year progressed, narrowing 65.7% to USD 1.6 billion in 1Q2017-18 from USD 4.8 billion a year earlier, with a surplus of USD 5.1 billion in the balance of payments during the same period.

Foreign currency (FCY) stability encouraged the CBE to lift restrictions imposed on USD deposits and withdrawals for importers of non-essential goods as remittances improved by nearly 40% to USD 6 billion in 1Q2017-18, and tourism receipts rose to USD 2.7 billion. Reserves stabilised at USD 37.02 billion as at 31 December 2017 — the highest level recorded since 2011. Meanwhile, the Egyptian pound inched down 1% against the US dollar at the end of December to EGP 17.73 versus previously stable levels of EGP 17.60. The year also saw Egypt receive USD 4 billion of the IMF's USD 12 billion extended fund facility over two tranches. In December 2017, the IMF approved disbursal of a third tranche worth USD 2.03 billion expected in June or July 2018.

The banking sector remained the backbone of the economy in 2017. The year witnessed steady improvement in asset quality, with aggregate non-performing loans (NPLs) as a percentage of gross loans recording 5.5% in June 2017, down from 10.5% in FY2011 and 6% in FY2016. System-wide NPLs were almost fully covered by provisions at 99% as of June. Banks were also well-capitalised with a reported system-wide CAR of 14.5% in June 2017, comfortably above the regulatory requirement of 12.25%. Toward the end of the year, the CBE increased banks' required reserve ratios to its previous level of 14%, up from the 10% level in place since 2012.

The Egyptian Exchange (EGX) performed well in 2017, gaining 22% to close December at 15,019 points. Approximately 46 listed companies increased their capital by an aggregate EGP 9.7 billion, up 86% compared to last year. Six IPOs took place in 2017, raising a total of EGP 4 billion and representing an increase of 65% over 2016. In total, the offerings were 31x oversubscribed.

CIB expects the momentum of 2017 to continue into 2018 with the exception of minor variances in interest rates and inflation. While the consensus is that interest rates will begin to decline, the pace and sharpness of the anticipated rate cuts remain in question. Inflation is expected to ease, albeit on a non-linear trajectory, due to the increase likely to accompany energy price hikes projected for the summer. To reduce the cost of funding and the budget gap, further boost foreign currency reserves, and maintain a healthy mix between local and external debt, Egypt will tap international debt markets, through USD- and EUR-denominated bond offerings during the first quarter of 2018.

The government's proactive reform momentum is expected to continue, signalling Egypt is ready to create a welcoming environment for private sector investment. The Zohr field, the largest natural gas field in the Mediterranean, has started production and is projected to lessen Egypt's import demand for natural gas and consequently reduce the import bill. The discovery enables the Ministry of Petroleum to transform Egypt into a regional energy trade hub.

CIB remains cautiously optimistic about the future and believes the investment community will keep a close eye on macroeconomic indicators as well as the path and pace of structural reform.

Against this backdrop, CIB was able to solidify its leading position in the market assisted by it three-pronged strategy of:

Dynamic Balance Sheet Management

The Bank's solid performance during the year hinged first on its long-term, preemptive approach to balance-sheet management. In the year ending 31 December 2017, our local currency (LCY) liquidity ratio remained well above the CBE's 20% requirement, recording 74.4% as of December 2017, while the FCY ratio stood at 55.5%, above the threshold of 25%. CIB's net stable funding ratio (NSFR) reached 232.4% for local currency and 152.3% for FCY, while our liquidity coverage ratio (LCR) was 626.6% for local currency and 377.1% for FCY, comfortably above the requirement of 100% Basel III.

Given the high interest rate environment that prevailed last year, the Bank managed its asset mix and reengineered its balance sheet to mitigate the impact on earnings and lower capital base volatility, particularly key given that decreased purchasing power hindered borrowing. CIB also lowered its balance sheet duration to minimise the impact of interest rate movements on its capital adequacy levels.

The Bank continued to reshape its funding mix toward current account and savings account (CASA) deposits, which accounted for 52% of total customer deposits as of 31 December 2017. Deposit growth will remain focused on attracting low-cost, sticky, short-term local currency deposit and payroll accounts given their direct impact on lowering the overall cost of funds.

CIB attracted 4% of all new deposits in the banking system during the year, and will continue with its strategy of maintaining a sustainable liability base supported by stable and cost-effective customer deposits. The Bank maintained a healthy gross loan-to-deposits ratio (LDR) of 40.84% in 2017.

CIB continued in 2017 to maintain asset quality through a proven risk-management strategy, advanced systems and the booking of prudent provisions. For 2017, the Bank took provisions of EGP 1.7 billion as a buffer against unpredictable market conditions, bringing its loan-loss provision balance to EGP 11.0 billion. The year saw the Bank record an NPL ratio of 6.95% and a solid coverage ratio of 154.42%.

Management and the Board continue to pursue all available alternatives to ensure a sustainable, comfortable capital base that is less vulnerable to external factors. CIB took on subordinated loans in November 2017 from the European Bank for Reconstruction and Development (EBRD) and International Finance Corporation (IFC) totalling USD 200 million. This funding will serve as a hedge against volatility in currency movements over the next ten years and support future growth plans. The loans further increased the capital adequacy ratio from 16.95% (prior to the sub-debt, which is comfortably above Basel guidelines) to 19.10% (considering the total effect of both loans), ending 2017 with CAR of 19.30%.

CIB was able to deliver steady consistent return on average equity (ROAE) above 30%, ending 2017 with an ROAE of 32.5% (after profit appropriation based on the suggested profit appropriation schedule). The Bank also has one of the lowest cost-to-income ratios in the Egyptian banking system at 20.8% as of December 2017, guided by management's effort to keep the cost-to-income ratio within the 30%-35% range stipulated by the Board.

Investing in Technology

In line with the Bank's customer-centric culture, CIB invested heavily throughout the year in technological advancements to improve the customer experience and streamline operations.

20.75%
cost-to-income ratio

Over the course of 2017, CIB focused on scaling up its infrastructure base to keep pace with ever-changing industry dynamics through projects that automated operations and processes. A key component of this strategy was the Bank's ongoing focus on the importance of data analytics and the role it plays in both long-term growth and short-term decision-making. Today, CIB has the necessary systems to process, interpret, organise and structure facts and figures into useful information that helps management and the Board make better informed decisions.

In 2017, the Bank's Big Data team embarked on the following projects:

- ***Customer analytics:*** The team proposed a fully customised behavioural segmentation that makes use of customer data to provide targeted products and services.
- ***Next Best Action (NBA) Model:*** This aimed to develop product offerings based on estimated appeal to customers according to their portfolio.
- ***Customer journey simulator***: Using data analytics, the team simulated a customer's teller transaction journey to optimise processes.
- ***Call centre optimisation***: To provide efficient services to customers, the team used operations research to streamline the Call Centre experience.
- ***Anomaly Detection Model***: In cooperation with the Compliance Department, the team developed a model to identify risk and fraud with an accuracy level of over 90%. It has cut down manual fraud detection time by at least 50%.
- ***Distributed Ledger Technology*** (also known as Blockchain): CIB collaborated extensively with EMC2 on a research paper centred on Blockchain to adapt to the market's new realities. It helped identify possible uses such as operational simplification, regulatory efficiency improvement, and liquidity and capital enhancement.
- ***R3***: The Bank joined this global alliance of over 80 institutions committed to delivering the next generation of financial infrastructure. Members collaborate on research, experimentation, design and engineering to help advance state-of-the-art, enterprise-scale ledger solutions to meet banking requirements for security, reliability, performance, scalability and audit.

Talent Enhancement

CIB strongly believes that employees are the Bank's most important asset. The Bank accordingly makes every effort to provide its staff with the tools necessary to enable them to reach their full potential. In 2017, a total of 6,567 employees (98% of staff) attended 679 training courses covering a wide range of both technical and soft skills.

Staff also benefited from leadership training programs and modules including the Frankfurt School Leadership Track, which hosted two rounds of its Transformational Leadership for 145 delegates. A three-month MADP program took place allowing junior hires to receive training sessions covering various bank areas. Additionally, 50 key staff members at the managerial level attended the CIB Lead Program.

2017 Financial Position

CIB reported another exceptional set of results, with consolidated net income up 25.07% y-o-y at EGP 7.52 billion for FY2017. Standalone net income reached EGP 7.55 billion, 26.88% over 2016. Standalone revenues grew 33.56% over the previous year to EGP 15.19 billion.

The Bank recorded net interest income of EGP 12.50 billion, an increase of 24.82% y-o-y. Non-interest income recorded EGP 2.38 billion for the full year. Net fees and commissions income stood at EGP 2.05 billion.

All financial indicators emphasised the Bank's strong financial performance in 2017. CIB maintained its efficiency during the year, with cost-to-income ratio at 20.75% compared to 21.36% in 2016. The Bank's ROAE recorded 32.45% on a consolidated basis (post-appropriation), down from 34.24% in 2016, driven mainly by the increase in the minimum regulatory capital requirements. Consolidated ROAA recorded 2.69% for 2017 vs. 2.71% in 2016. The Bank recorded a net interest margin of 4.97% as of year-end 2017 down from 5.47% a year earlier, mainly on the devaluation impact.

The Bank's loan portfolio stood at EGP 102.4 billion at year's end, growing 5.06% or EGP 4.93 billion y-o-y. 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 7.15% in September 2017.

CIB aggressively pursued deposit growth in 2017, adding EGP 18.98 billion to its base, which grew to EGP 250.7 billion, an increase of 8.19% over 2016. CIB's share of the deposits market reached 7.80% in September 2017.

The Bank ended the year with a buoyant balance sheet and capital base, which is reflected in its comfortable capital adequacy level of 19.30%, 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 2017 exceeded P&L targets.

Appropriation of Income

The Board of Directors proposed the distribution of a dividend per share of EGP 1. In addition, CIB is increasing its legal reserve by EGP 377 million to EGP 1,710 million and its general reserve by EGP 3,617 million to EGP 12,617 million, thus reinforcing the Bank's solid financial position, as evidenced by a capital adequacy ratio of 19.30%.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.

2017 Operational Highlights

Institutional Banking

Institutional Banking (IB) continues to be the primary contributor to CIB's bottom line, generating almost 75% of the Bank's profits. IB's net income before tax increased 102% over the year to EGP 7.2 billion in 2017, mainly on higher net interest income, foreign exchange gains, strong trade services and controlled expense growth.

The group's performance in a challenging year was characterised by its unwavering commitment to exceeding its corporate clients' expectations, while executing a prudent growth strategy. The group explored new, potentially lucrative segments at the same time as preserving a superior-quality loan portfolio aided by the Bank's disciplined and proactive risk framework.

The Treasury Group — another top profit centre for the Bank — offered a wide range of products across geographies, 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 and hedging, pricing of local and foreign currency deposits, and pricing of preferential deposits.

The Assets and Liability Management team effectively forecasted the market, maintaining liquidity ratios well above regulatory requirements, thereby increasing profitability and expanding net interest margins (NIMs).

Consumer and Business Banking

In 2017, Consumer and Business Banking focused on developing customer-centric products as it worked to expand its customer base. The Bank enhanced customer convenience by bolstering its technological infrastructure to offer clients faster and easier access to products and services online and through other digital channels.

This approach led to an accelerated growth in ATMs, with 135 installed during 2017 for a total of 819 across Egypt. Consumer Banking also leveraged the Bank's investment in data analytics, automating key customer processes and aligning products to CIB's key value segments, all in pursuit of continued sustainable growth. In tandem, CIB continued to expand its branch network to reach customers who still prefer traditional channels, opening eight new branches in 2017 for a total of 196.

On the new product front in 2017, Consumer Banking launched a Wedding Finance Loan, which offers flexible financing schemes as well as discounted offers from wedding-related merchants.

On the liability side, Consumer and Business Banking deposits reached EGP 198 billion in December 2017, an impressive 15% y-o-y increase with the focus during 2017 being the household segment and short-term products.

In line with Egypt's push to support Small and Medium Enterprises (SMEs) CIB's Business Banking division worked to design innovative solutions that best suit clients of all sizes and from a variety of industries. CIB believes this sector has enormous growth prospects if handled in the right fashion. The division developed attractive products for targeted segments that ranged from highly standardised small-ticket loans with rapid disbursement to fully customised offerings for large clients. The team also sought to develop a closer relationship with its SME clients by enhancing the capabilities of its sales team through in-house training sessions. These and other efforts directly contributed to the strong financial performance of Business Banking in 2017, with deposits growing 10% to EGP 59 billion by year-end, representing 24% of CIB's deposits.

Operations and Information Technology

CIB again delivered in 2017 on its commitment to invest in state-of-the-art technology, seamless processing capability, profound infrastructure security, and proper business continuity management covering cyber and information security.

During 2017, the COO Area continued to ensure the Bank was responsive to dynamic market changes, focusing on milestones under CIB's Security Strategy to enhance the security environment. The Operations Group implemented several automation and process reengineering initiatives, upgrading process speed and quality and reducing turnaround time. In tandem, the Bank is undergoing a gradual shift toward digitalisation, which will relieve the burden on branches and the Call Centre.

A specialised branch model serving corporate customers was also adopted this year, with three branches currently operating and additional locations in progress. Other migration initiatives introduced included accepting tuition fees over ATMs to offload the branch network and several enhancements applied to the IVR call tree to offload Call Centre agents. CIB also began to allow customers to activate their cards through text message, which has reduced the Call Centre workload by approximately 40%. Also last year, CIB launched its Mobile Banking App to facilitate engagement, providing customers with access to their accounts 24/7.

The Bank's solid commitment to sustainability was reflected this past year in its paperless branch

initiative, which launched as a pilot program in select branches. The group automated custody statements and improved the customer experience by providing one automated statement for all custody products.

CIB was the first bank in Egypt to implement Zero Data Loss Recovery capabilities for many core databases as part of the Continuous Data Protection Initiative. The Group continues to examine the Bank's capabilities by running live drills of its services and systems from alternate sites so as not to impact customers in the event of a disruptive situation.

The COO Area also focused on human development during 2017 by increasing staff knowledge through tailored technical and soft skill training programs locally and overseas. A new recognition program was launched in 2017 — the CIB Star Award — an award to recognise excellence in delivering 'Customer Experience Excellence.' The award specifically acknowledges staff who exemplify a customer-centric approach in their work and demonstrate a passion to exceed customers' expectations.

CIB also prides itself on having become the first bank in Egypt to acquire the GPRS Green Certificate, which was awarded to the Smart Village 3 Building. The Bank is expanding its footprint in Smart Village through a fourth building (currently in the fit-out phase) and establishing/operating a state-of-the-art printing centre in the business district.

Security and Business Continuity Management

As information proves increasingly valuable, so rises the importance of protecting it, particularly with respect to banks, which possess a high volume of sensitive information on their stakeholders.

In 2017, CIB established a Security Operations Centre (SOC) — the first of its kind in-house SOC in the Egyptian financial sector. According to an assessment by an international consultant, the Bank's SOC achieved a much higher maturity level than planned in comparison to other financial institutions in the MENA region. It contributed significantly to the Bank's capability to detect and respond to security-related incidents, improve auditing and logging capabilities for critical applications, and manage brand protection and phishing attempts.

The Bank also began the implementation of a Swift Security Program (CSP) to fulfil mandatory compliance requirements to ensure that international standards are met.

CIB has completed the automation of its Business Continuity Planning lifecycle by putting in place a new platform improving the efficiency of managing disruptions.

CIB's efforts on this front were recognised by the business continuity industry, with the Bank being shortlisted for the 12th time for the Global Award in Business Continuity from the UK-based CIR magazine.

Offloading Stake in Subsidiaries

As part of CIB's strategy to consolidate its activities into its core banking services, CIB progressively divested the majority of its stake in CI Capital Holding (CI Capital).

In a transaction valued at EGP 710 million, CIB transferred 74.75% of its shares in the company to non-related Egyptian and Gulf investors in March 2017. Another partial sale of 9.99% took place in early July, generating proceeds of EGP 101 million. Later that month, CIB transferred another 3.45% in a transaction worth EGP 45 million. The Bank now retains a minority stake of 10% in CI Capital.

International Expansion

In its strategic efforts to expand its business and operations through commercial banking activities, CIB is exploring opportunities in Sub-Saharan Africa given the fundamental similarities the region shares with Egypt. In 2017, management received Board approval on the proposed expansion, and has been mandated to study potential options. The continent is home to a number of successful ventures that target financial inclusion, which is where banking opportunities lie. Africa is also attractive at this stage due to the strengthening in interregional trade between and within regional blocs, such as the Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC), Southern African Development Community (SADC) and the Economic Community of West African States (ECOWAS).

Awards and Recognition

The Bank's solid financial performance and multiple accomplishments continued to earn recognition from reputable regional and international organisations. In 2017, CIB became the first bank in the MENA region to be named the World's Best Bank in Emerging Markets by Euromoney. Other awards earned during the year include:

- Best Trade Finance Provider in Egypt by Global Finance
- Best Treasury & Cash Management Providers in Egypt by Global Finance
- Best Foreign Exchange Provider in Egypt by Global Finance
- Best Bank in Egypt 2017 by Global Finance
- Best Bank in Egypt by Euromoney
- Best Securities Services Providers in Egypt by Global Finance
- Best Cash Management Services in North Africa by EMEA Finance
- Best FX Services in North Africa by EMEA Finance
- Best Local Bank in Egypt by EMEA Finance
- Most Innovative Bank – Pan Africa by EMEA Finance
- Achievement in Enterprise Risk Management in the Middle East and Africa
- Achievement in Liquidity Risk Management in the Middle East and Africa

2018 Business Outlook

CIB plans to pursue its business strategy focused on asset quality and profitability, both of which remain top priorities for management as the Bank remains committed to prudent, sustainable and profitable growth that creates value for shareholders.

As part of this strategy, the Bank will utilise detailed and accurate information of its customers provided by the Big Data team to make more informed decisions that meet their needs.

IT systems will also continue to play a crucial role for CIB in the coming period a to help boost customer satisfaction as it continues to position itself as one of the most convenience-centric banks.

With regard to the operating environment, the Bank expects loan demand in 2018 to remain biased toward short-term working capital facilities in local currency until purchasing power returns to pre-floatation levels. As purchasing power strengthens, companies will call on their utilisation capacities as they explore opportunities for capital expenditure to address renewed demand.

Regardless of the operating environment, as always, CIB will remain committed to its clients and continue to support their growth strategies.

Concrete Commitment to Sustainability

CIB has long understood the importance of building a sustainable organisation that creates lasting value for — and imprints a profound, positive impact on — the environment, community, shareholders and stakeholders.

CIB's sustainability journey is closely aligned with the 2030 Global Sustainable Development agenda, its 17 Sustainable Development Goals (SDGs), and the 169 targets. It is also in line with Egypt's 2030 Sustainable Development Agenda, aspiring to advance a sustainable and climate-resilient future.

The main aspects of CIB's focus on sustainable banking lie in the following areas:

Being Ecologically Responsible

During 2017, the Bank completed its LED lighting program Bank-wide, reducing consumption by more than 1.8 million KWs in 87 branches. The Bank also reduced its paper consumption by 4.8% through modified applications of double-sided printing/copying, among others. Moreover, CIB implemented the Paper Waste for Cash program to sell paper waste to recycling startups, with proceeds of more than EGP 200,000 credited to a sustainability account starting February 2017. The Bank also enlisted Egyptian entrepreneurs to develop a tailored carpooling application for mobile devices called Raye7 CIB, which encouraged staff members to carpool.

Being Socially Responsible

The Bank is committed to CSR through its dedication to various cultural, sport, and (in particular) art initiatives. During 2017, CIB took part in the following activities:

- CIB acquired student art pieces displayed at the exhibitions of faculties of Fine Arts at Alexandria University and South Valley University.
- The Bank sponsored the Annual Egyptian Youth Salon for the seventh consecutive year in collaboration with the Fine Arts Division at the Ministry of Culture.
- CIB contributed to the renovation of Aisha Fahmy Palace as part of the Ministry of Culture's Fine Arts Department project to reinstate the palace as a complex for art and culture.
- The Bank sponsored Egyptian artists at the 57th edition of La Biennale Venezia, one of the world's most prestigious arts and culture institutes, which organises an annual exhibition of the same name.
- CIB was one of the main sponsors of the Night of Art at the Egyptian Museum, the inaugural event of the Eternal Light 'Something Old, Something New' show — the first in a series of art shows that combines Egypt's varied heritage sites with contemporary Egyptian art.
- The Bank was the main sponsor of Egypt's '100% Egyptian Cotton' exhibition featuring the country's best emerging designers in the International Fashion Showcase (IFS) 2017 as part of London Fashion Week.

The Bank's CSR agenda in 2017 included the following activities:

- The Bank organised six trips to KidZania in 2017 for more than 150 underprivileged children and those with special needs and health conditions.
- The Bank maintained its sponsorship of the annual ceremony held by the ADVANCE Society for Persons with Autism and Other Disabilities and sponsored 2017 World Autism Awareness Day in Egypt.
- CIB sponsored the screening of two movies at Zawya with live audio description for more than 150 visually impaired children.
- CIB began diversifying its contribution to El Sawy Culture Wheel activities by launching free seminars to help participants create a CV and prepare for interviews. It also continued its sponsorship of special screenings of documentary films, cultural nights, concerts and art exhibitions.
- For the second year, CIB was the main partner and financial sponsor of Beena, a protocol signed between the Bank and the Ministry of Social Solidarity to encourage active youth participation in the community and monitor the development of social care services.
- CIB maintained its sponsorship of the Egyptian Squash Federation for the sixth year running. In 2017, the Bank reached out to less fortunate children through a second phase of the Squash for Everyone initiative in partnership with the Egyptian Squash National Teams Director and Technical Advisor Amr Shabana.
- CIB sponsored the 'Your Space' project, launched by Egyptian adventurer Omar Samra, that encourages school and university students to explore space sciences.
- The Bank agreed to sponsor an incubator project with a total cost of EGP 140 million, in addition to allocating EGP 10 million targeted to fighting hepatitis C during 2018.

Advocating for the Social and Environmental Role of Financial Institutions

Following the implementation of the Social and Environmental Credit Policy Guide, it became important to join international platforms advocating a social and environmental role for financial institutions.

CIB is currently the only Egyptian bank to partner with the United Nations Environment/Financial Institutions (UNE/FI) and endorse their FI Statement on Energy Efficiency. The UNE is considered the global voice and conscience of the environment, placing CIB at the centre of the world stage through this collaboration.

For the second consecutive year, CIB was the only bank in the MENA region to participate in the assessment exercise of the Dow Jones Sustainability Index 2017. The Bank's score in 2017 corresponded with 2016, with CIB ranking in the 40th percentile among financial institutions.

For the second time in a row, CIB was recognised as a constituent in the FTSE4Good Sustainability Index sponsored by the Financial Times. For the fourth successive year, CIB was ranked first in the EGX Sustainability Index.

2017 also saw the bank publicly issue its internationally acclaimed Annual Sustainability Report, which covers all the Bank's sustainability initiatives. It follows the GRI G4 guidelines and was released on the Bank's website and social media channels.

Commitment to Corporate Governance Best Practices, Ethics and Corporate Values

Being an essential factor to achieving and maintaining public trust, effective corporate governance practices rates high on CIB's priority list. The Bank has had long-standing commitment to promoting sound corporate governance practices across the organisation and has consistently enhanced its corporate governance frameworks. Accordingly, CIB conforms to relevant regulatory requirements and duly considers international best practices in corporate governance.

Our corporate governance policies are key to managing the Bank effectively and achieving its strategic goals for sustainable banking. This strategy is founded on:

- Responsibility and meritocracy, which is the centre of delegation of authority;
- Accountability in the relationships between management and the Board and between the Board and all stakeholders;
- Effective disclosure and transparency initiatives that allow stakeholders to assess the Bank's financial performance and position; and
- Fairness in the treatment of all stakeholders.

CIB's overall corporate governance framework is aligned with the interests of shareholders and managers. It also allows for the effective monitoring and management of the business through the dissemination of information and transparent reporting. The Bank's governance framework is directed by 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 vital components of the Bank's governance structure to highlight any potential conflict of interest. The Board approves the Bank's strategic goals, as well as oversees the management of the Bank, while the day-to-day operations are the responsibility of Senior Management.

In line with CBE directives on corporate governance as well as international best practices, CIB's Board appointed Mr. Hussein Abaza as the Bank's CEO and Executive Board Member to manage the Bank's business lines and day-to-day operations. This allows the Chairman and Managing Director, Mr. Hisham Ezz Al-Arab, to focus on the strategic direction of the Bank.

The Managing Director is responsible for ensuring adequate and effective governance through managing the independent control functions: risk, compliance, audit and legal. The Managing Director, CEO along with the management team bring decades of experience and thought leadership that guide CIB's direction and execution of the strategies set by the Board.

The Board has specialised committees, both executive and non-executive, tasked with assisting the Board in decision-making. The committees constitute key elements of the governance framework and are governed by well-defined charters.

The Board's non-executive committees are:
- Audit
- Corporate Governance and Nomination
- Risk
- Compensation
- Operations and IT

Executive committees are:
- Management
- High Lending and Investment
- Affiliates

In March 2017, the General Assembly appointed CIB's Board of Directors for its 2017-2019 term, with the following executive members: Mr. Amin Hisham Ezz Al Arab (Chairman and Managing Director), Mr. Hussein Abaza (CEO and Board member), and the non-executive members: Mr. Jawaid Ahmed Mirza, Dr. Sherif Hussein Kamel, Mr. Yasser Zaki Hashem, Mr. Mark William Richards, and Mr. Bijan Khosrowshahi.

In December 2017, CIB's Board of Directors welcomed two non-executive members, HE Dr. Amani Abou-Zeid and Mrs. Magda Habib, who adds to the Board's existing skillset. This expands CIB's Board to nine directors, seven of whom are non-executives, with one representing Fairfax's interest in CIB. Five of the non-executive members are independent, conforming to the international best practices of corporate governance. The Board will advise the General Assembly with the effected changes at its upcoming meeting.

CIB's Board met six times in 2017, during which, with the assistance of its committees, it effectively fulfilled its main responsibility of exerting the requisite oversight over the Bank. The Board ensured that CIB's activities are run in a manner that meets the highest ethical and fiduciary standards. Long-term value for shareholders is enhanced through:

- Approving the Bank's business and risk strategy as well as major policy decisions;
- Assuring the long-term interests of 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; and
- Developing and monitoring the Bank's internal audit and risk management policies and strategies.

The Board of Directors continued to enhance the comprehensiveness of the Bank's corporate governance framework, especially in the areas of risk and compliance. The Board sets the risk policies and the risk appetite and constantly monitors the Bank's risk profile against said appetite through the Risk Group. The Board took concrete steps in its Enterprise Risk Management (ERM) framework, which is characterised by its uniqueness among local and regional peers.

ERM adopts an integrated and forward-looking risk approach combined with dynamic risk culture, robust data governance and an adaptable technology platform while being aligned with both business and risk strategies and governed by a robust Risk Appetite Framework. ERM uses risk oversight, control and governance to efficiently utilise existing risk management capabilities and help improve the operating environment and reduce operational surprises and thus mitigate risks.

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 staff complaints to setting recommendations to enhance the work environment and processes as well as ensuring an engaging workplace. In 2017, 16 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 and termination of contracts. The issues raised to the committee have been thoroughly investigated and analysed where fair, sound decisions have been taken, and all cases have since been resolved.

24.43EGP

book value as of FY2017

CIB Foundation

Since its establishment in 2010, the CIB Foundation has strived to ease the burden on families in need of affordable healthcare services. The CIB Foundation is committed to enhancing the quality of services in its partnership with institutions to provide the best possible care for the country's younger citizens.

During 2017, the Foundation's activities and initiatives included the following:
- Over the course of 2017, the CIB Foundation donated over EGP 20.6 million to cover the second and third tranches of the Gozour Foundation for Development's project to fund 264

EGP BN
12.50
net interest income

eye exam caravans, providing 158,400 disadvantaged students enrolled at public schools in poor rural and urban areas with free eye care services. The CIB Foundation allocated EGP 50.5 million over three years to fund caravans in Sohag, Qena, Luxor and Aswan through the 6/6 Eye Exam Caravan Program.

- In April 2016, the CIB Foundation's Board of Trustees approved an EGP 1.5 million partnership with the Sawiris Foundation and Star Care Foundation to implement comprehensive community development projects in Sohag, Assiut and Qena. In 2017, the CIB Foundation donated over EGP 1.3 million to cover training for the medical staff and outfitting the community health centres.
- In June 2017, the CIB Foundation's Board of Trustees agreed to purchase equipment and supplies for the Children's Hospital - Ain Shams University Hospital for a total of EGP 3.53 million over one year. In 2017, the CIB Foundation donated over EGP 2.9 million to cover the first instalment for the project.
- In October 2017, the CIB Foundation fulfilled its commitment to outfit the Neonatal Intensive Care Unit and the Paediatric Intensive Care Unit at Raei Misr Hospital for a total of EGP 6.96 million over one year.
- In June 2017, the CIB Foundation's Board of Trustees approved supporting the fourth phase of the Rotary Club of Kasr El Nil's Children's Right to Sight program. The cost is EGP 2 million over one year to fund around 500 critical eye surgeries for underprivileged children. In 2017, the CIB Foundation donated around EGP 1.8 million to cover 543 surgeries.
- The CIB Foundation provided the Children's Cancer Hospital 57357 with another PET CT scanner in July 2017 similar to the one donated in 2016. At a cost of EGP 26.9 million, the highly specialised equipment will allow doctors to identify cancerous cells and plan for removal during operations. The Foundation also donated EGP 3.5 million in January 2017 to fund patient care in both the Cairo and Tanta branches of the hospital.
- In 2017, the CIB Foundation donated over EGP 6.2 million to cover the outfitting costs of two research labs in Magdi Yacoub Heart Foundation's Aswan Heart Center as part of its three-year commitment to cover a total cost EGP 15 million.
- In July 2016, the CIB Foundation allocated EGP 4.5 million to the Magdi Yacoub Heart Foundation to cover the cost of 50 paediatric open-heart surgeries. In March 2017, the CIB Foundation donated EGP 2.25 million, covering the second and final tranche of the project.
- The year saw the CIB Foundation donating EGP 6 million for the final instalments of the Yahiya Arafa Children's Charity Foundation's project to build a paediatric catheter lab at the Ain Shams University Hospital. In January, the CIB Foundation fulfilled its commitment to support the annual operating costs of five paediatric units at the Ain Shams University Hospital through the Yahiya Arafa Children's Charity Foundation at a cost of EGP 2 million.
- In March 2017, the CIB Foundation allocated EGP 1.75 million for 50 paediatric open-heart surgeries at El Kasr El Aini Hospital to decrease the number of children on the open-heart surgery waiting list.
- The CIB Foundation fulfilled its commitment to cover the tuition expenses of its 50 CIB Foundation Fellows for a five-year academic course of study at Zewail University of Science and Technology. Over 2017, the CIB Foundation disbursed the third year (2015/2016) and the fifth year (2017/2018) tuition fees, totalling EGP 10 million.
- 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. In 2017, the CIB Foundation donated over EGP 163,000 to cover the complete renovation of the premises, as well as the purchasing of essential equipment.
- In September 2015, the CIB Foundation's Board of Trustees approved funding the annual operating costs of the CIB Foundation-funded Maxillo-Facial Centre at Cairo University's Faculty of Dentistry with a total amount of EGP 45,100. In July 2017, the CIB Foundation donated over EGP 22,500 to cover the final instalment of the operating costs.
- In September 2016, the CIB Foundation's Board of Trustees approved funding the purchase of an outfitted mobile dental caravan for the Faculty of Oral and Dental Medicine at Cairo University under management of Rotary Club of Zamalek. The total cost is EGP 640,000, and the caravan will be used by the Faculty to perform necessary dental treatment to school students in remote areas of the Cairo and Giza governorates free of charge. In September 2017, the CIB Foundation donated EGP 480,000 to cover the final instalment for the project.
- CIB Foundation's Board of Trustees approved in March 2017 to support Cochlear Implants Surgeries for 100 children with hearing disabilities. The Foundation allocated EGP 2.9 million and donated over EGP 167,000 in November 2017 to cover the first instalment of the project.
- In February 2017, the CIB Foundation supported the annual operating costs for the previously funded Intensive Care Unit (ICU) at Abou El Rish El Mounira Children's Hospital through Friends of Abu El Rish Children's Hospitals Organisation at a cost of EGP 2 million.
- In November 2017, the CIB Foundation's Board of Trustees approved funding the treatment of 400 children infected with hepatitis C virus under the management of the National Hepatology & Tropical Medicine Research Institute at a cost of EGP 4.1 million over one year.
- The CIB Foundation dedicated over EGP 5.5 million to fund the Egyptian Liver Care Society's Children Without Virus C through 'C-Free Child' program, which is the only program of its kind in Egypt, screening and treating children with hepatitis C for free.
- In May 2017, the CIB Foundation hosted 15 blood donation campaigns across its corporate offices. Over 438 bags of blood were collected in 2017, potentially saving the lives of more than 1,314 people. The Foundation was honoured at the World Blood Donation Day celebration at the League of Arab States for its efforts in organising campaigns.

4.97%
net interest margin

2017 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 • Focus on capital, to cushion the Bank against any unforeseen external shocks	• ROAE of 32.5% (after profit appropriation) • 27% EPS growth • Total tier capital recorded 19.3% of risk-weighted assets
BUSINESS OPERATIONS • Grow revenue faster than expenses • Identify market gaps and attain first-mover advantage by laying the groundwork ahead of peers to allow the Bank to benefit from rising opportunities	• Cost-to-income ratio of 20.8% • Consumer banking net income rose 57% y-o-y to reach EGP 3.3 billion and gathered fresh EGP 27.8 billion and USD 258 million in deposits, aided by the launch of tailored new products for the household segment • Institutional banking net income before tax rose 102% over last year to reach EGP 7.2 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 to improve cyber security standing, with a clear strategy and comprehensive plan to improve security capability and continuously provide a safe banking environment for customers

2017 Performance Measures	Results
EMPLOYEE • Improve employee engagement score y-o-y • Enhance the employee experience by: 1. Listening to 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	• CIB had an average of 6,475 employees in 2017 with an average annual income of EGP 172,500 per employee • CIB implements an Employee Stock Ownership Plan (ESOP) as part of its compensation strategy aimed at attracting, motivating, retraining and rewarding outstanding employees, managers and Executive Board Members. The ESOP allows designated employees to own CIB stocks at its face value via "Promise to Sell" agreements. CIB allocates 1% of its issued and paid in capital to ESOP. During 2017, CIB allocated a total of 7,935,100 stocks to a total of 3,871 employees. Since the inception of the program in 2006, and its renewal in 2015, the Bank has allocated 75,460,093 shares to its employees (taking into consideration capital increases throughout said period).
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 its areas of focus, which include education, arts, culture, health and protecting and preserving the environment	• Please 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 IR 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 2017 Middle East Investor Relations Association (MEIRA), survey carried out by Extel, CIB received Best IR by CEO in the Middle East, and an IRO member of the team also received a nod as the "Best Investor Relations Professional – Egypt." This is the fourth year running in which CIB has received at least one award from MEIRA.

2017 IN REVIEW

Institutional Banking

Corporate and Global Customer Relations Groups

Recognised across the Egyptian market for its strong credit culture, CIB's financing and underwriting arm, provides best-in-class financial structures and advisory services to its clients.

Our foremost goal is promoting the nation's economic development. We are committed to closely monitoring the performance of projects and economic entities that CIB finances to ensure their ongoing viability.

Throughout 2017, we financed several government mega projects in the fields of power, construction, telecoms, and infrastructure. We also focused on building strategic alliances with select government entities/authorities, including but not limited to the Suez Canal Industrial Zone and New Capital City, which represent a potential market for CIB products and services.

In tandem with financing mega projects, we are realising the pivotal role of medium-sized companies in the Egyptian economy. As such, we developed adequate financial structures and services addressing this business segment with the ultimate goal of bringing this lucrative sector to financial inclusion.

The group's mission is to constantly innovate and lead the market while maximising shareholder wealth.

2017 Accomplishments

Despite the challenging operating environment witnessed during 2017 — reflected in the floatation Egyptian pound, consecutive increases in interest rates, energy subsidy cuts, and inflationary pressures — we were able to grow the LCY loan portfolio by 29% as of December 2017 from the figure seen in December 2016 through various deals, including:

- Participating in two syndications to finance the upgrade of Egypt's National Electricity Grid, adding 14.4 GW.
- Participating in a syndicated facility granted to the Egyptian Petroleum Corporation to settle dues to international concession holders (IOCs).
- Supporting the upgrade to telecom infrastructure and securing all financing vehicles serving the transition to 4G technology.

Forward Strategy

Corporate and Global Customer Relations Groups will continue their prudent, selective growth strategies through pursuing two routes:

Focusing on Quality Loan Portfolio

The groups will set their sights on the government's areas of focus to uncover lucrative business opportunities associated with public spending in the following areas: ports, transportation, telecoms, and power. In this respect, CIB is also poised to capture opportunities that might arise in the renewables sector through supporting green energy and the Feed-in Tariff Program, which targets installed capacity of 1,800 MW from solar energy.

Additionally, 2017's challenging economic landscape forced some investors to postpone their investment plans until interest rates stabilise. As such, both groups expect that CAPEX financing will eventually return to previous levels.

Exploring New Segments and Product Development

- Agency role for international lenders financing Feed-in-Tariff projects
- Merchant tie-up
- Supply chain finance program
- Marketing eco-friendly loans
- Focus on exporters' finance
- Further promoting digitisation

Financial Institutions Group

The Financial Institutions Group (FIG) plays an integral role in the Institutional Banking Division as it manages CIB's relationships with other global institutions and serves as an entry point and point of first contact for credit institutions through the collaboration of three specialised teams: Correspondent Banking, Non-Banking Financial Institutions, and Development Finance.

2017 Accomplishments

2017 was a good year for contingent business, which is the FIG's main income driver. The high LG balances led to a 75% growth in LG fee income and represented the largest contributor to the growth in gross operating income, which was 55.4% higher than 2016.

FIG relied mainly on deposits to maintain net interest income, with a deposit level of EGP 4.1 billion by the end of 2017 — a figure that grew 14% compared to EGP 3.4 billion last year.

Forward Strategy

FIG will continue to focus on growing its contingent business through:

- Concluding the agreement with the Industrial & Commercial bank of China (ICBC), the largest bank in the world in terms of total assets, to open CIB's first RMB Nostro Account. This is set to accommodate CIB clients' import business (ILC, IDC) denominated in RMB to reduce pressure on USD and EUR and introduce further products to the RMB umbrella at a later stage.
- Further strengthening and activating communication channels with exporters/associations, targeting African markets, to get a better idea of trade trends and provide better banking solutions to cater to their needs. In parallel, more

55.4%

growth in aggregate contingent business

efforts will be funnelled into strengthening relationships with select banks in Kenya — the trade hub for the COMESA region — to better facilitate trade with East Africa.
- Continuing to aggressively attract LGs related to new projects launched in 2018, focusing on Europe and Asia, by updating CIB's correspondents with all the projects taking place in Egypt as well as providing a list of all potential bidders.

Following the 2017 growth in both NBFI and Development Finance, FIG expects to:
- Increase the facilities extended to existing clients operating in leasing, car finance, and microfinance industries.
- Market medium-term facilities to mortgage finance companies together with digital solutions.
- Participate in newly issued securitisation transactions related to credit worthy clients.
- Continue to market CIB's unique "Agency" and "Participating Bank" services/solutions to increase share of wallet through the inclusion of the Ministry of Agriculture.
- Design a FCY product under the Agriculture Development Program (ADP) to enhance returns on deposited FCY grants and reduce the pressure on LCY.
- Grow the wholesale microfinance loans portfolio under the NBFI in line with the CBE's decision to include microfinance funding into the 20% threshold under the SME's funding initiative.
- Continue marketing mobile cash management solution to MFIs.
- Enlist CIB as a participating bank under the Environmental Pollution Abatement Project (EPAP III) by signing an agreement with the agent bank NBE.
- Further support the growth of the microfinance portfolio while maintaining a low/moderate risk in collaboration with global government. entities and financial institutions.

10%

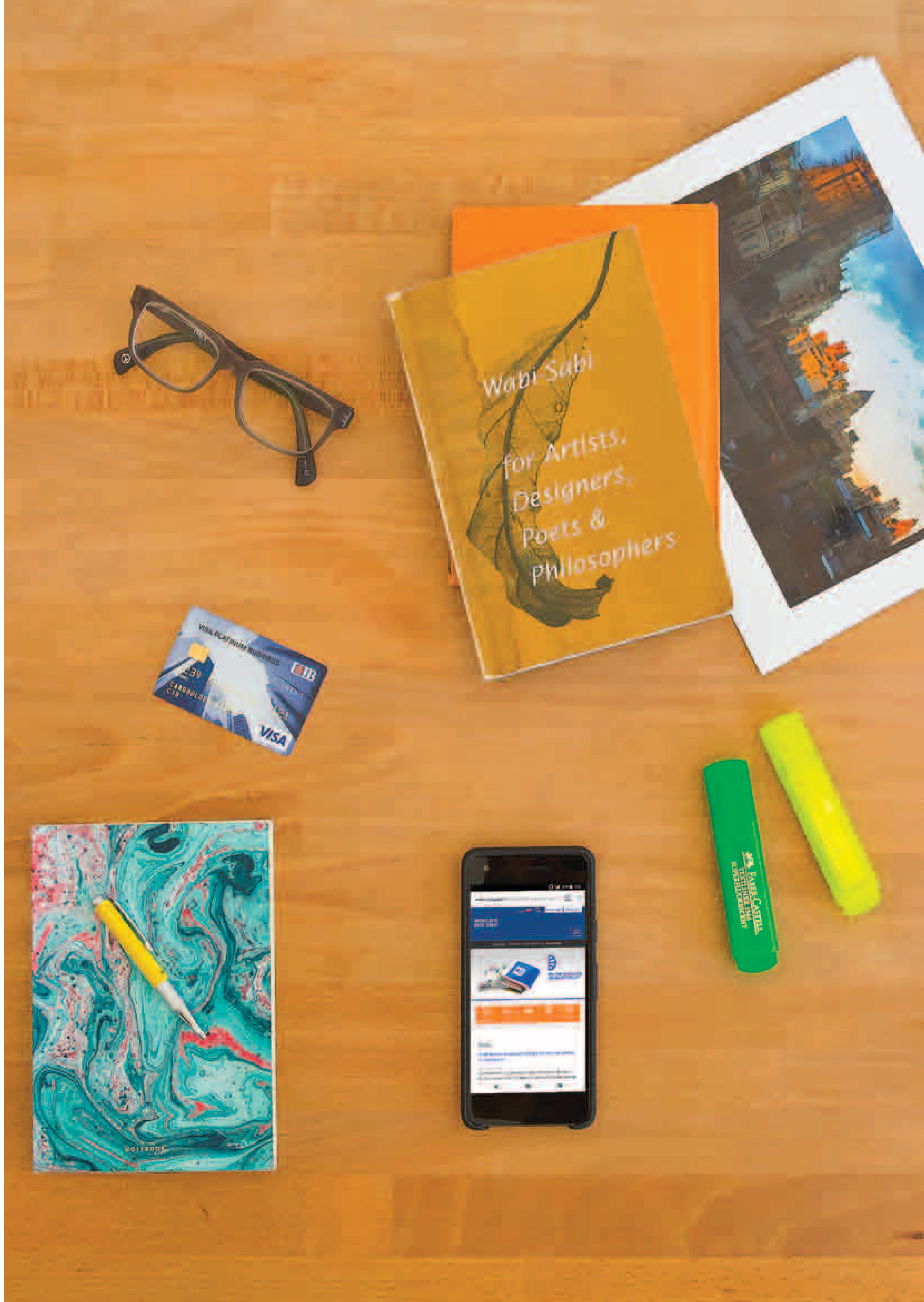
FX market share

- Expand and diversify CIB alliances/partnerships with the Microfinance Merchants Cooperation through the help of the NBFI and Digital Banking Teams.

Treasury Group

CIB's Treasury Group is one of the Bank's top profit centres, providing a wide range of products and services. Treasury Group interacts with almost all CIB clients, ranging from large corporate clients, Business Banking, Retail, Wealth, and CIB Strategic Relations clients. Treasury Group also interacts with financial institutions, including funds, insurance companies, brokerage companies, and others.

Treasury Group is segregated into three divisions:
1. The ***Foreign Exchange Division***, which managed to overcome the FX market challenges through channelling a sufficient FCY base. This covered all outstanding backlog of pending trade finance operations, delayed dues and dividend payments for multinational corporations and foreign aviation companies, and paid off all outstanding demand loan backlog.
2. The ***Money Market & Fixed Income Division***, which is responsible for money market, trading activities, primary and secondary government debt trading.



EGP BN

51.5

syndicated, medium-term loans for public sector companies and quasi sovereigns

29%

y-o-y increase in LCY loan portfolio

3. The ***Asset & Liability Division***, which is responsible for managing liquidity, interest rate gaps (with associated hedging), and pricing local and foreign currency deposits.

2017 Accomplishments
During 2017, CIB maintained a 10% FX market share of foreign currency sales by customers and is looking forward to moving into the cash exportation market to enhance the cash market share. CIB managed to build a strong position in the fixed income portfolio and sovereign debt, benefiting from the interest rate hikes that occurred in 2017.

The Assets and Liability Management Team did a good job forecasting the market, maintaining liquidity ratios in 2017 well above the regulatory requirements.

Forward Strategy
As the private sector business picks up in 2018, the Bank will have an increased appetite in both deposits and loans to cater to customer needs. We will continue our efforts to increase our turnover in 2018 with a focus on profitability, raising FX local market share and interbank contribution.

Debt Capital Markets
The Debt Capital Markets Division (DCM) has an unprecedented track record and unparalleled experience in underwriting, structuring, and arranging large-ticket syndicated loans, project finance, bonds, and securitisation transactions as well as a dedicated agency and security agency desk. DCM assists its clients in raising medium- and large-ticket project financing, PPP financing, and syndicated loans while:

- Acting as lead arranger, book runner, and financial advisor;
- Preparing financial models and term sheets while assessing feasibility studies with a view to advising on bankable structure for the transaction;
- Debt underwriting;
- Leading due diligence process and acting as Technical Bank and/or Documentation Bank to ensure legal, contractual, and technical risks are properly mitigated; and
- Acting as Agent and Security Agent through one of the only dedicated units in the banking sector.

2017 Accomplishments
In terms of project finance and syndications, DCM in coordination with other banks arranged a total of EGP 51.5 billion syndicated, medium-term loans for public sector companies and quasi-sovereigns in the power and oil and gas sectors. For private sector borrowers, DCM honed in on selective deals in the real estate, cement, oil and gas, telecoms, steel, refineries, renewables, and petrochemicals sectors. We have played a prominent role in the FIT and BOO financings in the solar and wind sectors, providing working capital facilities as well as acting as Onshore Security Agent and Account Bank for a significant number of projects, underpinning CIB as a preferred local partner for the international financial institutions financing those projects. DCM also focused on refinancing, restructuring, and reengineering balance sheets for private sector borrowers in light of unexpected currency and interest rate movements that took place and continued to play a prominent market role in advising and arranging securitisation issuances in cooperation with several partner banks.

Forward Strategy
In terms of project finance and syndications, DCM will continue to focus on expanding into the alternative energy, utilities, and infrastructure sectors (railways, ports, new economic zones etc.) in light of the government's plans to develop these sectors as well a financing investors expected to set up business in the Suez Canal Economic Zone.

DCM also plans to introduce new structures in the market, such as the revolving structure.

Direct Investment Group
The Direct Investment Group (DIG) acts as CIB's investment arm with respect to the Bank's engagement in direct equity transactions. DIG's main task revolves around the proper allocation of investment funds into specific industries where CIB's return on investment would be optimally maximised.

2017 Accomplishments
DIG widened the scope of the deal-sourcing process to include screening the market for small and medium size (SME) enterprises as well as big-ticket transactions. During 2017, the team screened a large number of new SMEs that operate in the financial services, food and beverage, and renewable energy sectors. In line with the national financial inclusion initiative, CIB is finalising a new model for agent banking, targeting financial inclusion in areas out of banks' reach. DIG is also finalising the Bank's engagement model in the venture capital space, with a primary focus on financial technology. On the divestiture side, DIG has managed the sale of CIB's 90% equity stake in CI Capital Holding in a series of transactions ending July 2017.

Forward Strategy
For 2018, DIG is planning to leverage on economic recovery by expanding its portfolio. DIG will focus its efforts on marketing and deal origination, leveraging its vast network and the Bank's proprietary deal access to achieve its longer expansion strategy.

Strategic Relations Group
CIB's Strategic Relations Group (SRG)'s main objective is to bridge the gap between mainstream commercial banking and the non-commercial needs of its client base, which consists of over 180 of the most reputable and renowned international and local donor agencies, NGOs, as well as diplomatic missions.

To meet the unique needs of our clients and serve to facilitate their business operations as well as their banking requirements, we provide a set of innovative, tailor-made products and services such as:

- Special discount schemes on bank charges
- Tailored digital solutions (tuition fee collection, visa fee collection, deposit monitoring and reporting, fund management and pension savings plans, BSP Airline Clearing System)
- Mobile tellers upon request – Implant Unit/Branch at customers' premises
- Special scheme for staff loans

2017 Accomplishments
- Fully managed the FCY needs of our airline customers post the devaluation.
- Grew our special clients' portfolio to include two more embassy strategic accounts.
- Won a deal to manage the Arab Academy for Science and Technology's end-of-service and pension scheme.
- Making online payments available through Pay Fort for the American University in Cairo (AUC), along with automating their deposits.
- In collaboration with the Embassy of Germany under the auspices of the Ministry of Foreign Affairs, we sponsored the first-of-its-kind Embassies Football Tournament as part of CIB's CSR agenda, aiming to break down barriers between nations through promoting sports as a universal language of peace.

Forward Strategy
- Continue to foster and nurture existing relationships while focusing on new educational establishments of high calibre that are set to open in the New Capital.

Consumer **Banking**

12%
increase in CIB Plus assets

31%
increase in CIB Wealth assets

106 EGP BN
in CIB Wealth deposits for 2017

The Consumer Banking strategy focuses on moving toward a customer-centric organisation and uniquely positioning CIB in terms of its customer experience, arming it with a brand equity that competitors will find hard to replicate. We plan to do this by:

- Leveraging our investments in data analytics, automating key customer processes and aligning products to our key value segments (Wealth and Plus).
- Offering richer alternative channels through further investments in new features to offload transactions that can be migrated from our branches and in turn generate value by offering customers products online.
- Strengthening our customer proposition to further grow our customer base in our target segments within the Egyptian banking market and grow market share of key products.

Key Goals

Egypt's economic growth is expected to continue to accelerate in the near term with improved investor confidence. This coupled with an underpenetrated banking market provides an encouraging growth scenario for CIB in the consumer sector. To support this, we will deliver:

- A value-based market segmentation position to take advantage of the key segments and target market and retain and deepen relationships.
- Significantly upgrade the customer experience by aligning investments in technology (digital, CRM, operations, straight through processing [STP]) with a clear roadmap and plan to measure our Net Promoters Score (NPS)/customer satisfaction at each key customer touch point.
- Refinement in our products to create clear differentiation to our target market segments and price them accordingly and in our approach to the wider Egyptian banking market.
- Alignment of our marketing to segments by using behavioural segmentation and CRM to target more accurately and therefore improve return on spend and deepen relationships.

Wealth Segment

We plan to continue to retain, attract, and grow our customer base and create advocacy for our Wealth brand. Since launching the Wealth segment, the strategy has been to satisfy the growing needs of our customers through a unique set of products and services. At the centre of the Wealth offering are Wealth Relationship Managers who are responsible for maintaining a relationship based on trust.

2017 Financial Highlights

- Total deposits reached EGP 106 billion, up 22% y-o-y
- Total asset portfolio hit EGP 1.8 billion, up 31% y-o-y

Key 2017 Highlights

We established a new learning and development program for our Relationship Managers, exposing them to a specialised development and training module. Wealth Relationship Managers are entitled to sit the International Introduction to Securities and Investment exam offered by Chartered Institute of Securities and Investment (CISI). Today, 19 have attained this accreditation.

One of the main pillars of our 2017 strategy was to deliver digital solutions aligned with the needs and expectations of our customers. The plan not only addresses customers' digitally evolving behaviour, but also reflects positively on the overall user experience, delivering convenience and reliability that matches our customers' lifestyle.

In 2017, we pursued several brand-building initiatives, sponsorships, and events that increased brand engagement such as the Amr Diab concert held in Marassi in August. We also extended a platinum sponsorship in a charitable event that funnelled all proceeds to the Ahl Masr Non-profit Hospital — the first hospital specialised in treating burn patients both in Egypt and the wider MENA region.

CIB Plus

In 2017, we continued to offer an improved customer experience through a range of initiatives such as direct communication with all Plus customers with their designated Plus Bankers, holding reward and loyalty events, widening the limits of Internet Banking for all Plus customers, and increasing withdrawal and purchase limits on Titanium debit cards.

We also strive to strengthen relationships with customers, increase our understanding and awareness of how the decisions we make affect them, and offer suitable financial solutions. To support this, we have increased the number of Plus bankers in our branches by 20% compared to last year.

2017 Financial Highlights

- Total asset portfolio climbed by 12% y-o-y
- Total revenue grew 41% y-o-y

41%

increase in CIB Plus revenue

42%

increase in Personal Banking revenue

Personal Banking Segment

We are in the process of updating the entire Personal Banking Segment to realise its full potential. The new strategic direction will provide a solid launchpad for the segment in 2018. Having said this, 2017 was a great year for the Personal Banking segment, with our customer base growing 23% in 2017 and total deposits increasing 21%. ssets and CASA also showed strong growth of 126% and 135% respectively. NTB customers grew 27% and the number of digital banking users increased 30%. Revenue grew 41% while expenses per customer decreased 6%. Digital migration efforts are paying off, with 7% more transactions being offloaded from the branch network. In 2018, the segment's priorities will be to fully move toward behavioural segmentation to better respond to customer needs, create a new Personal Banking brand identity, and focus on expense optimisation.

2017 Financial Highlights

- Total deposits increased a significant 15% y-o-y
- Total asset portfolio climbed 18% y-o-y
- Total revenue grew 42% y-o-y

Consumer Assets (Household)

The Consumer Asset Portfolio has exhibited significant growth of EGP 3.5 billion in 2017 despite the many challenges posed due to changing market dynamics including interest rates and regulatory changes. CIB's market share grew to 7.68% in September 2017, which is the highest market share across all private banks. The portfolio recorded EGP 18.43 billion as of December 2017.

The Consumer Assets Division recorded a total revenue of EGP 910 million as of December 2017, contributing 13% to total Consumer Banking revenue.

Our key objective is to sustain this level of growth in 2018 and to outpace the market through a more segment-driven strategy that drives our product propositions, acquisitions, service models, portfolio, and lifecycle management. This will translate to providing our clients with need-based propositions.

Cards Business

Credit Cards grew 20% to close ENR at EGP 2.9 billion despite key market challenges after the CBE's interest rate hikes and regulations. Strong growth recorded in 2017 can be hinged on:

- 18% increase in acquisitions
- 5% increase in portfolio size
- 20% increase in ENR

There was also improved performance across all portfolio KPIs:

- Drop in annualised attrition rate to 8.28% compared to 12.04% in 2016
- 34% increase in spend
- Significant increase in 2017 balance build-up sales
- Instalment balance build-up sales increased 14% in 2017

This increased portfolio was primarily driven by:

- ***A focus on premium cards acquisition*** (Platinum and Titanium): These carry a higher return (1.85%) than older Gold and Classic cards (1.16%). This has been achieved through incentivising these more profitable cards and reducing the entry criteria for customers to obtain access.
- ***Portfolio management and balance build up***: Equal Payment Plan (EPP) 2017 enrollments at EGP 697 million versus 2016 volumes of EGP 546 million.
- ***Seasonal spend campaigns:*** Spend and win campaigns, Ramadan campaigns (dining), and Ramadan campaign (supermarket). Overall campaigns increased spend from EGP 8.99 million in 2016 to EGP 12.06 million in 2017. The spend increase was generated from 29 spend campaigns across 2017 versus 26 in 2016.
- ***Activation campaigns:*** NTB Early Month on Book (EMOB) program and dormant campaigns. These have been significantly enhanced to drive activation performance resulting in an increase of 6% versus a 2016 activation rate of 3 MOB. The increase was due to the launch of 10 activation campaigns versus 6 campaigns in 2016.
- ***Proactive attrition management***: Credit cards' annualised attrition decreased from 12.05% in 2016 to 8.28% versus a budget of 11.5%, primarily through 16 reactive retention tools (e.g.: EPP, bonus points, replacements, cash back etc.) and proactive retention programs across 16 customer card segments.
- ***Product launches***: Heya re-launch.
- ***Sales contests and incentives***: Launch of a successful sales contest for direct and telesales from April to June and a revision/revamp of the incentive scheme.

Personal Instalment Loans Product (PIL)

The Consumer Loans Portfolio exhibited significant growth of EGP 3.1 billion in 2017 despite market challenges such as changing market dynamics, currency devaluation, and CBE interest rate hikes. The portfolio hit EGP 13.1 billion as of December 2017 while the Personal Loans Business recorded a total revenue of EGP 610 billion as of December 2017, contributing 10% to total Consumer Banking revenue.

Our key objective is to sustain this level of growth in 2018 and to outpace the market through a more segment-driven strategy that drives our product propositions, acquisitions and service models, and portfolio quality.

Key Initiatives

CIB launched the Payment Holiday campaign, which was designed to give more competitiveness to the unsecured loans offering and increase acquisition. The promotion allowed customers to apply for the CIB Personal Loan in November 2017 and postpone instalments for the first two payments at no extra fees.

3.5 EGP BN

Consumer Asset Portfolio

The Overdraft Proposition improved payment convenience through the availability of secured and unsecured programs to best meet the needs of our customers.

Acquisitions

PIL acquisitions grew 33% in 2017 mainly driven by the following:

- Significant policy changes such as tenor extension, new income computation methodology, payment holidays, and new payroll programs.
- Continuous training of our sales force.
- Enhancing the application turnaround time and customer experience.

Portfolio

The portfolio grew 33% in 2017. The key drivers were:

- New initiatives and acquisition campaigns such as payment holidays, etc.
- Proactive interest rate management in a volatile interest rate environment.
- Better attrition management through exit barrier simulations.

Mortgage Product

The Mortgage Business gained momentum in 2017 and is positioned as one of the key balance sheet growth drivers of 2018. CIB is supporting the CBE initiative for mortgage loans to lower-income individuals, which has reflected in the tremendous growth in sales acquisitions in 2017. Low Income Mortgage Loans hit EGP 164 million in 2017 compared to EGP 29 million in 2016. The portfolio grew to EGP 200 million in 2017 from EGP 39 million in 2016.

The increase in acquisitions was mainly driven by:

- ***Strong ties with the Mortgage Finance Fund:*** CIB is considered one of the key banks financing low-income mortgages. Over the past year, the Mortgage Team succeeded in establishing a solid relationship with the Mortgage Finance Fund triggered by a significant improvement in operational process and turnaround time.
- ***Operational Process:*** CIB underwent process enhancements in collaboration with all stakeholders to reduce turnaround times.
- ***The Sales and Acquisition Model:*** The Bank set up dedicated sales and coordination teams.

Liabilities

The success of CIB Consumer Banking is demonstrated by the healthy growth in customer deposits, which reached EGP 198 billion in total deposits by December 2017, an impressive 15% y-o-y increase of EGP 26 billion compared to year-end 2016.

CIB's deposit market share reached 7.8% as of September 2017, maintaining CIB's leading position among private sector banks in the country. The growth is a great achievement in a highly competitive market of 39 banks.

Throughout 2017, Consumer Banking's strategy has focused on the household segment, which was clearly reflected in the household market share reaching 7.46% as of September 2017. In addition, the Bank focused on short-term products as one of the key pillars for 2017, which was reflected in the CASA mix versus term products (medium and long term) to 49.4% from 43.7% in December 2016.

We also developed ways to mitigate the volatility in interest rates in 2017. A key pillar of our success has been our quick and effective response to the interest rate market and competitive pricing. The approach has always been to 'right-price' the products with multiple pricing tools e.g. selective pricing for TDs, tiered pricing for savings accounts, and restrictive pricing for FCY deposits.

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 is now considered the largest distributor of individual life insurance policies in Egypt.

Key 2017 Highlights

In 2017, AXA introduced a health insurance product, exclusively through CIB Distribution Channels, for the first time in the Egyptian market. This allowed 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 2,400 medical providers to suit all client segments and caters to the increased demand for adequate health solutions in the Egyptian market. Furthermore, international health solutions were introduced with global coverage that caters to a wide range of customer needs.

Strategic Goals

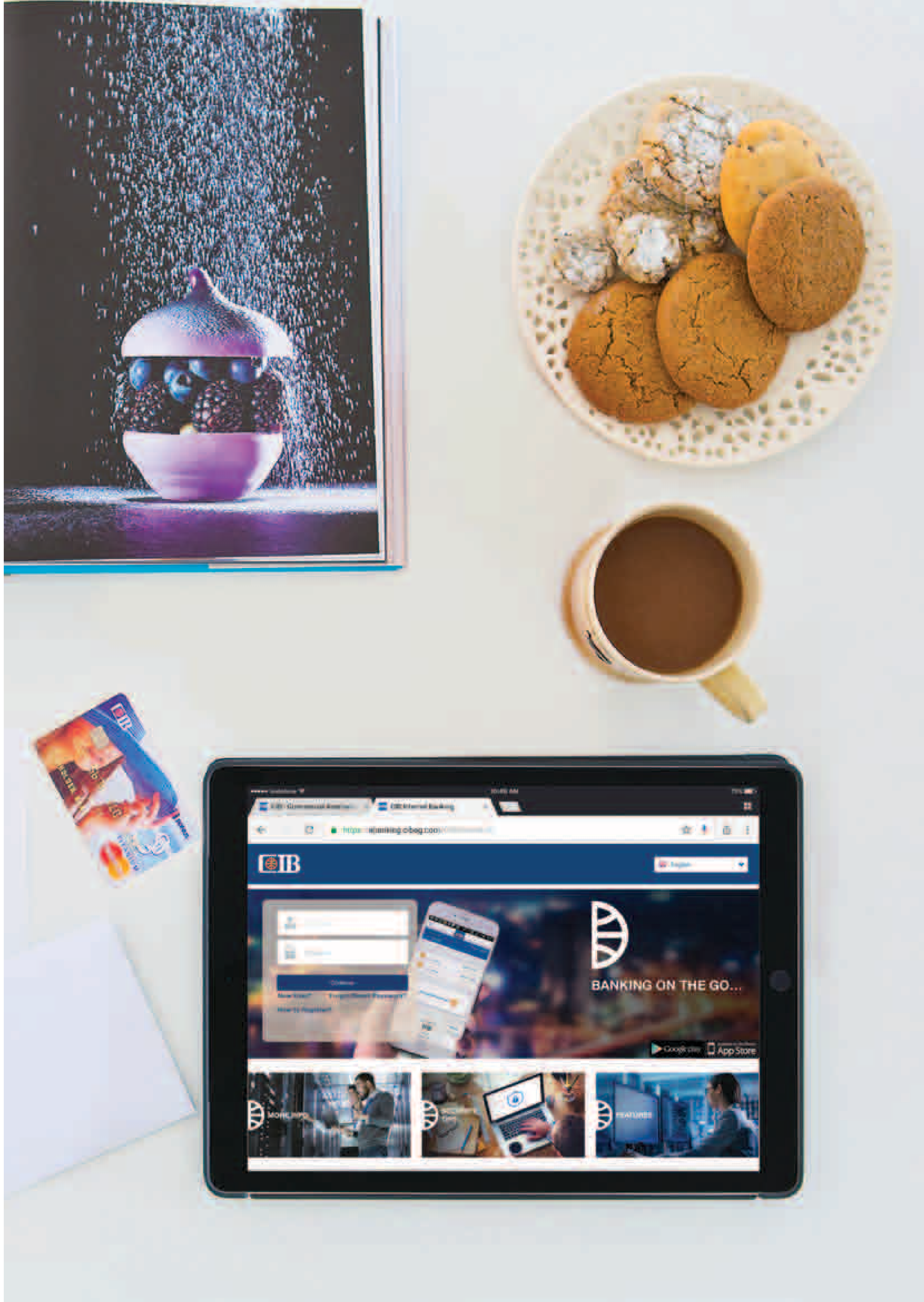
- Increase revenue contribution to Consumer Banking.
- Increase market penetration by expanding CIB's customer base.
- Leading the market by introducing a wide range of products from the best insurance providers.

2017 Achievements: Life and Health Insurance

- Life Insurance fee income increased by 16% in 2017 compared to 2016.
- The Life Insurance Business hit EGP 482 million in 2017 compared to EGP 427 million in 2016, leading to a significant growth of 13%.
- CIB was the first bank in Egypt to provide individual international health solutions that cover a wide array of global services.
- Realising the full launch of local health solutions starting 2017.

2017 Achievements: General Insurance and Bundled Products

- Credit Shield fee income increased 46% in 2017 compared to 2016.
- Family Protection Plan fee income increased 22% in 2017 compared to 2016.
- CIB finalised a referral model for Business Banking's unsecured customers, replacing the existing Master Policy. Going forward, CIB will develop different bundled insurance services with consumer products and segments.



Business **Banking**

Business Banking serves over 40,000 small, medium and large enterprises through a dedicated segment management for each size and a network of over a hundred highly trained Relationship Managers and Client Advisors across the country.

We offer a broad range of integrated financial solutions, including cash management, secured and unsecured lending, trade finance and e-solutions to help our clients grow and manage their businesses efficiently.

2017 Accomplishments

Business Banking continued to report strong financial performance in 2017, with deposits growing 10% to EGP 59 billion (24% of CIB), before tax figure of EGP 1.6 billion, up 60% y-o-y on a top line of EGP 2.2 billion.

In 2017, Business Banking focused on developing attractive products for our target segments, from highly standardised small-ticket loans with rapid disbursement to fully customised offerings for large clients.

On the people development front, Business Banking implemented an individualised training programme to upgrade our sales team's capabilities. Relationship Managers received in-house training sessions tailored to their developmental needs, and more senior members of the team underwent comprehensive training that led to certification by the US-based Association of Accredited Small Business Consultants. These programmes will promote a closer and more value-added relationship with our clients.

Ongoing Forward Strategy

In 2018, Business Banking will focus further on optimising the customer journey and touch points for each segment, including the expansion of dedicated corporate branches and operational hubs, improving digital channels, and decreasing service times to provide greater service quality.

Strategic Alliances

In our ongoing efforts to increase our value proposition to clients, Business Banking has expanded its offering to include non-banking products and services provided through carefully selected partners on an arm's-length basis. Initial services offered include: accounting and auditing, governmental relationships and legal consultancy, marketing and advertising, human resources and training, IT, ERP, CRM, and website development. These services are offered on highly attractive terms to CIB clients.

Super Business Account Bundle

Business Banking continued to grow its innovative "Super Business" account bundle targeting smaller companies with a convenient and comprehensive bundle of services including:

- Digital banking
- Debit/credit cards
- Point-of-sale solutions
- No minimum balances
- Fee discounts

Credit Products

Business Banking continued developing its range of financing options for SME clients. Existing clients with sufficient account activity benefited from our pre-approved credit offering with rapid disbursement. Merchants taking advantage of our payment acceptance services similarly qualified for flexible credit facilities with rapid turnaround times. Larger clients are offered flexible multi-purpose lines tailored to their lines of business through a simplified process featuring unified risk acceptance criteria and limit-setting parameters.

Payment Acceptance

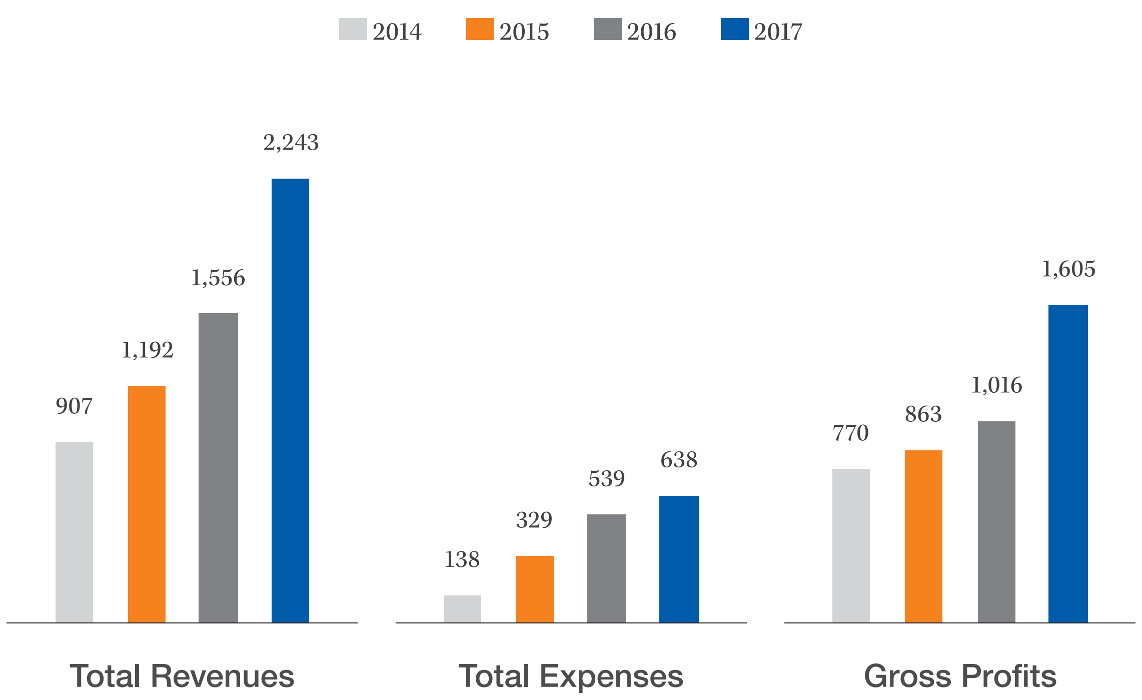
CIB maintained its dominant position in Egypt's payment acceptance sector, through 12,000 point-of-sale (POS) terminals throughout Egypt.

2017 saw the introduction of new mobile POS machines that allow the targeting of smaller merchants and on-the-road transactions, substantially increasing our addressable market.

Business Banking's Payment Acceptance team is also focusing on the growing e-commerce applications to capture exciting new business opportunities, adding 150 new merchants in the year.

The Payment Acceptance team will continue expanding the categories and geographies it serves in 2018, driven by extensive data analysis and research to target the areas of greatest opportunity.

Business Banking Profitability (EGP mn)



Digital
Banking and GTS

60%
increase in online transactions

29%
migration rate to online banking

In today's world, digitisation gives banks the opportunity to take customer satisfaction to the next level while offering the possibility for much higher automation and related cost efficiencies. We believe digitisation takes banks from being product providers to offering a continuous contextualised service, helping customers better understand financial and commercial affairs and make better decisions.

The Digital Banking and GTS team has focused on developing solid practices to maximise value through a wide variety of digital assets built during the last couple of years. This comes hand in hand with focusing on how to measure value from the Bank's perspective and how to grow the Bank's bottom line.

In 2017, we focused on delivering digital value from our diversified digital portfolio by taking a deep dive into understanding existing digital channels compared to those of the market, uncovering how our customers interact with our digital products and services, and optimising customer journeys in various ways to deliver a superior customer experience. More than 55 million transactions were processed through our consumer and corporate digital channels, generating more than EGP 800 million in direct revenues and cost synergy as of December 2017.

CIB has also been investing heavily over the years in its infrastructure, security, and digital platforms, developing all its touch points to serve the evolving needs, intents, and expectations of customers. The Bank has been exerting extensive efforts to meet the varying needs of its customers through tailoring customised solutions to both consumer and corporate customers by bundling traditionally consumer-serving and corporate-serving solutions together to address unique customer needs.

Our over arching forward-moving strategy will assume the strategic posture that will allow CIB Digital Banking to improve the way it currently runs, enhance its readiness to make choices, and allow it to conduct experiments and develop new business models that open doors in a resource-constrained environment. This will be realised through focusing on three key channels: 1) CIB's core digital business by maximising profitable growth from existing products, customers, and channels, 2) digital business optimisation through the utilisation of existing assets and capabilities and extending them beyond their intended use cases, and 3) developing new assets and capabilities to create new market opportunities and address new or unmet customer needs to uncover novel revenue streams and alternate businesses to traditional banking.

ATM Network

CIB continues to sustain its competitive advantage in the Egyptian market by running the largest ATM network among private banks, with a network of 819 ATMs providing various types of functions including cash withdrawal and deposit, credit card settlement, bill payment, mobile top-up, mobile wallet cash-in/out, and cheque deposit services. Maximising the utilisation and return from our ATM assets was a key focus area during 2017, where we managed to increase the average number of transactions across our ATMs by 20% by relocating low utilisation ATMs to higher footfall locations in conjunction with matching customer needs with ATMs' wide range of value-added services.

Additionally, CIB is mobilising and changing the physical context of ATMs by bundling them with other retail and corporate digital solutions to support businesses in managing their cash. The most notable use of this in 2017 was a partnership with one of the largest hypermarket chains in the region. CIB created an ecosystem revolving around customers' cash-handling processes by deploying cash recycling ATMs that enabled cashiers to make large cash deposits with same-day value (or at most the next working day) through its on-site ATMs, which were equipped with the ability to dispense the deposited cash to customers. This provided customers with a simpler experience and uncovered a major operational cost-saving opportunity. CIB also benefited from a reduction in the cost of handling cash and leveraged excess cash to use in recycling ATMs and acquire a larger share of customer receivables, hence migrating cash deposits from our branches to our off site ATMs.

2017 Achievements

- The ATM network continues to serve branch migration efforts, most notably achieving a 96% migration rate in card payment transactions versus branches and a 463% increase in corporate deposit card transactions. ATMs contribute to cost savings by offloading transactions from branches.
- Achieved a 36% increase in ATM network cash capacity after upgrading our ATM cash capacity and reduced cash replenishments by 9% after upgrading our Recycler ATMs and widening our ATMs' abilities to serve customers.
- Launched Talking ATMs, a first for Egypt, rolling out text-to-speech-capable software across 96 eligible ATMs in our network to deliver a voice-guided experience to our visually impaired customers.
- Launched the ability to pay tuition fees over ATMs, another first in Egypt, allowing university and school tuition fees to be paid across CIB ATMs in line with the strategy of migrating transactions away from CIB branches and extending the availability of the service beyond branch working hours and locations.

- Increased limits for both unique and daily cash withdrawal transactions at ATMs across all served segments, with 25,000 unique customers being migrated from branches to ATMs as of December 2017.

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, maximising utilisation and profitability from our ATM network. We also plan to focus on various in-branch digital tactics to help further optimise average waiting and service times.

Online Banking
CIB launched its Mobile Banking App in 2017, with a significant adoption rate of almost half our Internet Banking users. Mobile Banking users show an activity rate of 91% versus 53% for Internet Banking, further reinforcing our "Mobile First" shift in strategy. Overall, we have seen an increase of 59% y-o-y in the number of online transactions, contributing to a significant cost saving from offloading both branches and the Call Centre.

2017 Achievements
- CIB gave its existing Internet Banking user interface a face lift to create a more user-friendly experience that is graphically rich.
- Launched e-statement services over Internet Banking, which represents direct savings arising from the logistics related to printing statements. It will also enhance channel penetration and customer activity over our online banking channels.
- Increased online banking transfer limits, which resulted in a 23% boost in online transfers as of December 2017.

Forward Strategy
CIB Online Banking is a cornerstone of migrating non-cash transactions from branches and inquiries and requests from our Call Centre. In 2018, we plan to continue increasing online banking penetration and activity rates, optimising customer journeys, as well as introducing new value-added services to support efforts to digitise our customers' banking needs.

Phone Banking and Call Centre
The CIB Call Centre handles an average of 3.6 million calls annually, serving both CIB and non-CIB customers. The Call Centre remains a crucial channel that allows consumer banking clients to speak to a live agent to inquire about the Bank's products and services and submit complaints. During 2017, we focused on offloading calls to self-service phone banking, which is a cost-effective way to serve our calling customers effectively. Today, our Phone Banking service helps customers inquire about their account, card balances, and latest transactions, manage money transfers, pay bills, and activate cards from anywhere at any time.

2017 Achievements
- Achieved a migration rate of 70% as of December 2017 compared to 53% in 2016 as a result of migrating inquiries for account and card balance and movements to self-service functions.
- Conducted various customer journey enhancements over Phone Banking IVR, including improving the fund transfer customer journey and introducing an option for customers waiting on the Call Centre queue to be redirected to self-service Phone Banking, which resulted in an increase in the number of monthly registrations to Phone Banking to 10,000 from 6,000 registrations in 2016.

Forward Strategy
We plan to continue to offload Call Centre requests by migrating even more eligible calls to the Phone Banking self-service channel, aiming to reach a 73% migration ratio to optimise the Call Centre's operational cost and boost agents' productivity. By the end of 2018, we plan to build a case for an additional customer touch point — live chat — with agents and a roadmap to adopt artificial intelligence through the introduction of a CIB chatbot to handle non-financial banking inquiries seamlessly and without the need for a live agent.

CIB Smart Wallet
CIB Smart Wallet continues to offer an innovative payment experience serving both the banked and unbanked segments by providing a convenient, secure, and cost-effective way to make purchases through their mobile devices. Customers can easily 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 different agents.

In light of the digital boom and the proliferation of social media and community-sharing platforms, we focused in 2017 on bundling multiple digital capabilities to address pain points in our customers' value chain. By evaluating how we can play a role in enhancing our corporate customers' ability to serve their own clients in a cheaper and more efficient manner, we formulated customer-tailored solutions that repositioned our existing digital capabilities and uncovered new revenue opportunities.

2017 Achievements
- Increased Smart Wallet cash in balance in addition to increasing the daily and monthly transaction limits.
- Achieved a 184% increase as of December 2017 in Smart Wallet transactions compared to 2016.

+294K

Internet Banking users

107.5K

Mobile Banking users

+251K

Smart Wallet users

173%

y-o-y increase in Smart Wallet transactions

70%

migration of inquiries from Call Centre to IVR

- Ran multiple marketing activities and campaigns leveraging strategic partnerships to increase financial inclusion and wallet activity rates including:
  - ***Partnership with e-commerce platforms:*** Discounts/benefits for anyone who makes purchases on the e-commerce platforms using CIB's Smart Wallet online card.
  - ***Online Card Fee Waiver:*** Virtual Card Number (VCN) transactions increased by 32% during the promotion.
  - ***Ramadan Donation Fee Waiver and Awareness Campaign:*** Donations through Smart Wallet increased 463% compared to Ramadan 2016.
  - ***CBE Awareness Campaign:*** Conducted through radio, social media posts, in-branch posters and flyers, press releases, SMS, and intranet.
  - ***Cash-back Campaign:*** 10% cash-back on all bills paid via Smart Wallet, a campaign that was completed in March 2017.
  - ***Free Beverage Promotion:*** Conducted an internal promotion for all Giza HQ CIB employees, offering a free beverage to anyone making a purchase using Smart Wallet to promote m-wallet payments (P2M).
  - ***Social Media Awareness Campaign:*** Using digital quotes for several use cases.
  - ***Community Sharing Platform Partnership:*** CIB announced the first partnership of its kind with a community sharing platform by offering CIB bundled digital capabilities through CIB Smart Wallet to receive incentives and salary disbursements seamlessly for around 10% of total wallet users.
  - ***Awareness Sessions:*** Conducted awareness and education sessions for the microfinance segment.

Forward Strategy

- Throughout 2018, CIB will be working on several different fronts, tackling on-boarding and improving the user experience and customer journey pain points by increasing granularity in segmentation for both the banked and unbanked segments. In addition to upgrading our user interface and technology platform, we will also be adopting a multi-vendor strategy to maximise value from our existing assets to ensure we do not overlook any type of customer. The distribution network will also be a main focus area, where we will further leverage our strategic partnership and grow our agent network to register new wallets and expand our reach.

CIB Business Online and Corporate Services

In 2017, CIB revamped its online corporate portals and brought to market a best-in-class Business Online corporate portal offering its customers a single portal to manage their cash management and trade service needs.

CIB Business Online offers its corporate customers a single sign on and one-stop-shop suite of tailored cash management products and services that improve the management of incoming and outgoing payments, streamline reconciliation and information management, and enhance working capital efficiency. The suite of services also includes several innovative payment and payable products, collection and receivable products, and standard and tailored information reporting delivered through a variety of channels. As for trade services, for the first time in Egypt CIB launched a Supply Chain Finance (SCF) module to further enhance its trade service offerings and enable clients to effectively manage risk and optimise their cash flow.

SCF solutions support domestic trading transactions, serving buyers and suppliers on the same electronic platform, accessible from CIB's website. CIB can serve buyers and suppliers via the electronic online portal, enabling collaboration around invoice submission to release early payments. Under SCF, CIB will discount supplier invoices, presented by the supplier online upon being approved and acknowledged by the buyer (a CIB client). This will extend needed financing by discounting presented invoices (purchasing invoices at a discounted rate) and releasing early payments to suppliers before receiving a full payment from the buyer at maturity.

2017 Achievements

- Increased transaction volume compared to 2016, with EGP 58.4 billion in transactions completed over CIB Cash Online and Automated Clearing House (ACH) direct credit portals as of December 2017.
- CIB Trade Online reached 1,204 registered customers over its trade portal.
- Our Corporate Payment Service (CPS), which enables CIB clients to complete federal payments such as taxes, customs, and social insurance online 24/7, hit 278 customers.
- CIB ranked first among all Egyptian banks in e-finance government payments online.
- CIB currently has the largest market share among Egyptian banks for both ACH Receivable and ACH Payable:
  - Outgoing payments increased from 43,000 in January 2017 to 93,000 in December 2017.
  - Internal payment increased from 33,000 in January 2017 to 67,000 in December 2017.
- Created a feature for corporate users to be able to upload and validate checks online to reduce call-back procedures.
- In addition to the reports available at the Corporate Download Portal, new inquiries were added for post-dated checks, outgoing checks, money market, and loans.
- Cash Management's total registered clients reached 7,385 as of December 2017 due to our 24/7 accessibility at convenient sites.
- CIB ranked first in terms of volume in EG-ACH Direct Credit Outgoing.
- CIB ranked first in terms of volume in Direct Debit Outgoing.
- Named Best Treasury, Cash Management & Trade Service Providers in 2017 by Global Finance.

Forward Strategy

In 2018 and beyond, we plan to continue our focus on customer migration from branches to the Business Online portal to allow customers to transact more conveniently 24/7 without the need to visit a branch. We want to offer customers digital solutions that provide seamless and extensive benefits to their businesses and support them in achieving their growth trajectories. CIB Business Online seeks to become a convenient, secure, and cost-effective platform for trade and supply chain finance, cash, treasury, and lending services.

Innovation and FinTech Activities 2017

CIB FinTech Engagement was initiated to cater to FinTech startup needs, offering them better opportunities for survival. In 2017, we established an echo-model of support, built strategic alliances that serve CIB's financial inclusion objectives, and formulated a pipeline of FinTechs that we can grow and take to market.

In line with our continuous efforts and commitment to empower our staff to innovate and digitise our products and services to deliver a more dynamic, engaging customer experience, we have launched CIB Digital Studio. Our studio will act as an innovation hub to focus on fostering an entrepreneurship culture that will challenge employees to innovate and accelerate our digital proposition. This will develop the services provided across electronic channels to individuals and enterprises that allow a more dynamic and engaging customer experience.

Startup Acceleration Activities

In addition to launching the third cycle of the AUC V-lab for five promising startups this year, 2017 saw

CIB conduct the first hackathon in Egypt in collaboration with Angel Hacks. The activity sought to create financial inclusion in the Egyptian market, with themes covered including financial literacy, micro lending, micro saving, and micro insurance. The selected startups became part of the third AUC V-lab cycle, with the event improving the relevance and quality of admitted startups notably.

After having worked extensively with FinTechs, CIB came to the conclusion that to create an impact on the FinTech landscape in Egypt and to uncover tangible value, it needs to operate beyond funding and acceleration activities. Therefore, the Bank took steps to establish a FinTech ecosystem, which will allow FinTech startups to develop new products quickly by providing access to technology, helping to navigate the complex compliance and regulation landscape, and making it easier to penetrate the Egyptian market. The ecosystem will enable a framework within which CIB can establish strategic alliances with key partners across different industries, creating new business opportunities enabled by new digital business models.

As part of our efforts to back programs that build entrepreneurship efforts at universities, we co-designed a program with a well-known tech hub to build financial literacy and entrepreneurial capacity among students at the universities of Ain Shams, Cairo, Suez Canal and El Minya. The program will also work with schools to achieve the same purpose.

Forward Strategy

During 2018, all innovation and FinTech activities will adopt a practical approach to value creation, with all activities set to result in a final product or service that can be commercialised. We will leverage our corporate relationships and network of allies to generate revenues in the short term, which will go hand in hand with our capacity-building activities to ensure innovation activities are sustainable.

3.6 MN

Call Centre calls

In-House Acceleration Program

Unlike a typical accelerator, our vision for an in-house accelerator program sees us inviting startups to sit one-on-one to develop new solutions that could revolutionise the sector, enabling us to operate faster, safer, and at a lower cost. The one-year program presents a unique opportunity for talented, ambitious startups to be truly supported by CIB's resources. In addition to providing industry knowledge, the winning startup will be incorporated as part of a CIB business line, and the Bank will commercialise the solutions on terms negotiated as part of the initial contract with the business. CIB plans to join forces with an international accelerator management firm to manage the 2018 CIB Accelerator as a step toward transitioning to the management of our own in-house accelerator in 2019.

Partnering with Mature Startups

Because we believe startups have a huge potential to significantly enhance efficiencies, reduce costs, and expand reach faster than established companies, we plan to partner with startups that have been in business for one to five years and challenge them to respond to issues specified by the Bank and partner with us on a revenue-sharing basis. This is set to create value for CIB and its wide base of corporate customers. The challenges will be held semi-annually and will create a pipeline of startups for our in-house accelerator. Partnerships will not be limited to FinTech startups, but will include those offering innovative solutions across industries.

Co-Creation Program

We plan to sign co-creation agreements with key technology providers to jointly develop and commercialise financial/tech solutions targeting the underserved segment or that solve corporate customer problems. Solutions built will be commercialised to our corporate/business banking database on a revenue-sharing basis between CIB and the technology providers. This endeavour is set to serve all other innovation initiatives without utilising any of the limited in-house IT resources.

Global Securities Services

Global Securities Services (GSS) continued to maintain its leadership in the Egyptian market in 2017, with a total market share of 20%. The year also saw the division increase the value of total assets under custody to EGP 334 billion compared to EGP 310 billion in 2016.

2017 Achievements

- Launched sub-account services for international securities through opening segregated sub-accounts for brokerage companies under CIB's main account held at international clearing depositories.
- Renewed the CIB GDR agreement with depository bank Bank of New York Mellon (BNYM) for another five years.
- Named the best sub-custodian bank in Egypt by Global Finance Magazine for the quality of services rendered.
- Grew our securities portfolio by EGP 3 billion.
- Assigned BNYM as sub-custodian for three new GDR programs (Amer Group, Porto Group, and Madinet Nasr for Housing & Development).
- Acquired three new transactions with a total value of EGP 2.3 billion, maintaining our position as the leading trustee agent in the market with 15 out of 17 securitisation SPVs for a total value of EGP 10.5 billion.
- Maintained our leading position as the local sub-custodian for all Egyptian GDR programs, handling 16 current programs with a portfolio of EGP 35 billion.

+460K

IVR users

Forward Strategy

In 2018, GSS will enhance the sub-accounts services through providing financing services to brokerage companies to settle international securities (GDRs) and increase the volume of trading.

Digital Governance

The Digital Governance division was created as a dedicated entity to manage collaboration between the Digital Banking and GTS teams, bank governance support functions, and the CBE with the following main ongoing objectives:

- Coordinating and planning for Management Committee deliverables and reporting, such as memos, SLAs, department strategies, etc.
- Leading partnerships to provide new products to simulate financial inclusion, such as providing mobile wallet services to microfinance entities.

COO
Area

CIB embraces advancement, putting in place a long-term vision that is set to be achieved through ongoing technological progression, enhancing infrastructure, and optimising operational efficiency. This year, the COO Area continued the journey it began over two years ago to transform the Bank into one that is responsive to dynamic market changes by exploiting the power of technology and security as enablers for achieving our business roadmap and position customer experience enhancement as the pinnacle of fulfilling our business strategy.

During 2017, we took steps to fulfil that strategy by diligently delivering and monitoring various business projects and initiatives, with special focus given to implementing the Security Strategy milestones and enhancing environment security. This was particularly important to cater to our Transformation Program and digitisation concept and to provide a more secure environment for our customers to bank safely.

The Operations Group implemented several automation and process reengineering initiatives to increase operational efficiency and reduce processing turnaround time to contribute to enhancing customer experience and staff productivity. This included the upgrade/change of the existing back-end workflow system to reduce operational complexities and enhance efficiency. In other areas, continuous focus was given to enhancing service standards with significant improvement noted for Call Centre Service Levels efficiency through a new Customer Relationship Management (CRM) system that significantly increased the capability of the Call Centre at managing customers' inquiries and requests in an efficient manner.

We aligned our customer centric focus with the Bank's digitisation strategy with the aim at taking customer satisfaction to the next level through developing products, services, and initiatives that contribute to delivering an exceptional customer experience. In keeping with this, the Bank invested heavily in improving its IT infrastructure, systems, and service stability and scaling up its infrastructure base to keep pace with changing industry dynamics. This is set to support CIB's agenda by delivering a significant number of strategic programs, including an enhanced online banking platform for retail customers, new corporate online banking channels, CRM, and others.

Our Corporate Customers can also now enjoy a completely new online banking platform with several newly added features, better performance, and new user interface. The new platform aims at increasing our Corporate and Business Banking customers' wallet share.

Our human capital development continued to be an area of focus. In 2017 we concentrated on our resource augmentation plan by hiring the required calibres, and increasing staff knowledge through a wide spectrum of technical and soft skill training programs provided locally and overseas. This was coupled with numerous initiatives for staff development, recognition, and supporting innovation such as the roll out of an internal Think Tank initiative that allowed staff from across all Bank functions to contribute ideas on how to enhance the customer experience and increase operational efficiency. A new recognition program was launched this year — CIB Star Award — which is a Customer Experience Excellence motivational award that gives CIB staff the chance to become leaders in incorporating a customer-centric approach in every aspect of a customer journey and demonstrating a passion to exceed customers' expectations.

CIB continued with its branch expansion strategy to increase its reach to customers across the country, delivering eight new branches this year and bringing the total number of CIB branches to 196.

Our digital approach led to an accelerated growth in ATMs this year, with an additional 135 ATMs added since the beginning of 2017 for a total of 819 ATMs across Egypt.

The COO Area continues to support and enable the delivery of the Bank's aggressive business strategy, targeting the exponential growth of our customer base. We have built a strong and robust support structure to deliver our Transformation Program and incorporating data analytics and customer behaviour insights in our decision-making process. We continue to work on improving our operational efficiency in parallel with the gradual shift toward digitisation.

Information Technology

Over the past couple of years, IT has become the major catalyst for CIB to implement and fulfil its business strategy at all levels in the organisation. As part of the Transformation Program, we took a detailed look at our core banking platform to assess its readiness to cater to our future business requirements and sustain our competitive edge. Our objective is to progress to the latest core banking application version to leverage more of the systems' features and its effective maintenance and efficiency to cater for new product solutions and our customer segmentation strategy.

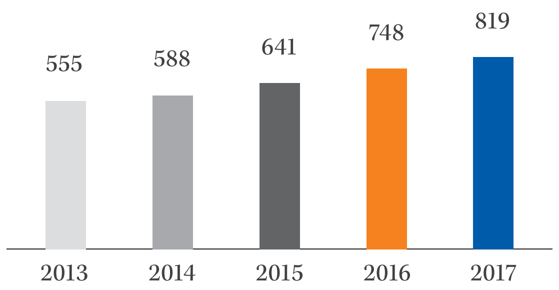
Data analytics will accelerate and maximise the ability to effectively create, integrate, and manage data for the organisation. Insights from Big Data can enable the Bank to make better decisions, which has already began to bear fruit in collaboration with IT.

Focus was given to reinventing consumer-banking engagement and facilitating the proximity and diversity of services for the existing consumer internet-banking model. Extensive technical upgrades and a face lift was conducted to enhance our Internet Banking services, empowering the Bank with web technologies and key features along with interactive elements. At the start of the year, we launched our Mobile Banking application to provide customers with access to their accounts 24/7 and facilitate greater interaction and engagement between the Bank and customers.

One of the main objectives we initiated for this year was laying the foundation for clear digital guidelines that can be used to develop and extend a unified user experience/interface across different digital touch points such as the website, Mobile Banking, and Internet Banking. A comprehensive program for upgrading our digital platforms is being undertaken over the next two years.

CIB was the first bank to implement Zero Data Loss Recovery capabilities for a number of our core databases as part of the Continuous Data Protection initiative. We continue to examine our capabilities

ATM Progression



through running live drills of our services and systems from alternate sites in a seamless manner with no impact on our customers, emphasising CIB's commitment to provide continuous services to its customers and manage any disruptive situations.

2017 was a very rewarding year for IT. We acquired the certification for Capability Maturity Model Integration (CMMI L2) designed to address IT Development and Project Management and ensure IT can achieve and comply with industry best practices. CIB received Hewlett Packard Enterprise's (HPE) Shining Star Award at their global forum in Dublin for the successful implementation of HPE's monitoring tool. CIB was also awarded the Best Data Protection Strategy award during the Dell-EMC Customer Experience Day Event, becoming the first bank to receive the honour regarding its 2016 strategy of Continuous Data Protection.

Operations, Channels, and Customer Experience

Operations, channels, and customer experience are the three most important inter-related pillars targeting the enhancement of customer loyalty and satisfaction. In late 2016, proactive Key Service Indicators were set up to measure services from the customer perspective. We took efforts to improve the customer journey across all consumer digital channels to support our digital strategy and increase our customer migration to digital channels while optimising the customer journey and reducing the cost to serve. Significant improvement was noted across all Key Service Indicators, and to ensure continued focus on customer satisfaction, Net Promoter Score surveys are conducted across all segments and service channels. A new complaint management module was launched on the CRM application, which has reduced complaint-handling time and enhanced our customers' satisfaction.

Customer centricity was taken to the next level for Corporate and Business Banking customers this year with the launch of a new Corporate Branch model specialised in exclusively serving Corporate Customers. Five branches are currently operating and additional branches are a work in progress. The new model aims to provide a unique experience for our Corporate Customers, serving them more efficiently and enhancing waiting time by breaking off from retail branches.

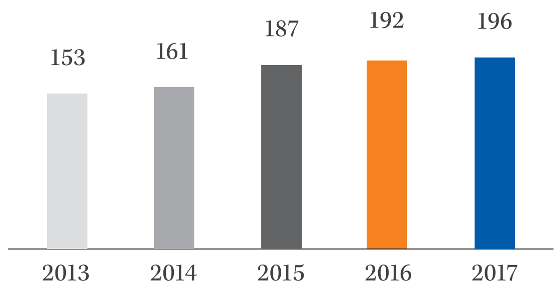
To make more space for our front-liners, a number of initiatives were undertaken (either process reengineering or digitisation) to decrease service areas at branches from 35% to 20% and expand the space available to serve clients.

A large share of this year's initiatives were aimed at providing customers with new services, such as the launch of contactless cards and POS tap-and-go technology for merchant terminals and adding a new service to send a monthly SMS to inform all cardholders of their basic account information. A new ATM monitoring tool was successfully rolled out to maximise availability and enhance the customer experience. More migration initiatives to digital channels were introduced, such as accepting tuition fees over ATMs to offload the branch network, and several enhancements were applied to the IVR call tree to facilitate IVR self-service and offload Call Centre agents. We also began sending an activation SMS for credit cards to allow customers to activate their cards by sending a text message to a pre-defined number, which has offloaded the Call Centre by around 40% and increased customer satisfaction.

We kicked off the Operations Group Automation Roadmap to map our straight-through processing initiatives and their impact on transaction turnaround time, customer handling, and optimisation of existing headcount.

Sustainability and social commitment is a value traced throughout the Bank even down to day-today operations. Our paperless branch initiative was launched as a pilot in some branches during the year to support the Bank's digitisation strategy and enhance transaction efficiency and turnaround time. Furthermore, we successfully automated custody statements and advises and improved the customer experience by providing one automated statement for all custody products.

Branch Progression



On the premises and real estate front, CIB became the first bank in Egypt to acquire the GPRS Green Certificate, which was awarded to the Smart Village 3 Building. CIB is expanding its footprint in Smart Village through a fourth building that is currently in the fit-out phase, and we also established and commenced operating a state-of-the-art printing centre in the business district. The Bank continues to uphold the tenets of Corporate Social Responsibility (CSR) by contributing, along with officials in Hurghada, in the development of the Hurghada CIB Square next to CIB's main branch through designing and implementing the landscape area in addition to installing CIB branding.

Security & Business Continuity

The evolution of security risks has necessitated that CIB develop its security structure and its functions to build and enforce stringent security governance policies. It has also made it necessary to continually develop our security functions maturity levels and cover all governance, risk, compliance, and operations/administration aspects. CIB was able to embark on its security transformation journey with assurance due to the emphasis placed on building advanced measures and solutions that protect the Bank's customers, data, and market position. We started by defining the security strategy with two main directions: Managing Security Risks and Enhancing Cyber Security Posture.

In 2017 CIB established the Security Operations Centre (SOC) — the first of its kind in-house SOC in the Egyptian financial sector — which has proven its importance after the global hike in sophisticated cyberattacks. SOC made significant strides during the year and according to an assessment conducted by an international consultant, it achieved a much higher maturity level than planned in comparison to other financial institutions in the Middle East and Africa in the technology, governance, people, processes, and reporting domains. It contributed significantly to the Bank's capability to detect and respond to security-related incidents, improve auditing and logging capabilities for top critical applications, and manage brand protection and phishing attempts.

Significant efforts were exerted on the compliance side this year. In August, CIB attained its first Payment Cards Industry – Data Security Standards (PCI-DSS) certification after the exertion of vast efforts to ensure the Bank's compliance with one of the most sophisticated security standards for cardholders' data, hence providing a significantly more secure banking environment for our customers.

In compliance with CBE regulations for mobile payments, concrete steps were taken toward fulfilling the compliance requirements due in November 2017. Additionally, we began implementing a Swift Security Program (CSP) to meet mandatory compliance requirements that ensure we apply swift regulations in accordance with international standards. These efforts anchor the Bank's commitment to remain up to date with all regulatory, compliance, and best practice requirements and guidelines.

On the Business Continuity Management front, the Bank completed the automation of its Business Continuity Planning lifecycle by implementing a new automated platform aimed at improving the efficiency of managing the plans, efforts, tests, and the management of any disruptions that could impact the Bank's operations. CIB's efforts on this front are continuously recognised by the business continuity industry, with the Bank being shortlisted for the 12th time for the Global Award in Business Continuity from the UK-based CIR magazine.

Financial Control Group

During 2017, the Financial Control Group continued to broaden its scope and functions, adding to CIB's overall efficiency and market-leading performance, achieving remarkable success in four key milestones.

Established in 2016, the Capital Management Unit played a key role during 2017, striving to continuously maintain the optimal capital mix between Tier I and Tier II capital on one hand, and between local currency and foreign currency on the other. It also sought to achieve the lowest possible cost while hedging against foreign currency fluctuations all the while proposing the appropriate cash and share dividend mix and accommodating for foreseen macroeconomic and regulatory developments. The unit has further delivered strong performance in monitoring the Bank's capital performance and in determining the optimum capital buffer above regulatory requirements in a way that manages the trade-off between solvency and profitability. The latter was particularly important in light of stringent regulatory requirements officially enforced by the CBE at the outset of 2017, namely the Internal Capital Adequacy Assessment Process (ICAAP), the Capital Conservation Buffer, and the Systemically Important Banks (SIB) buffer. Over and above, the unit worked under the umbrella of the Bank's Enterprise Risk Management (ERM) Division to move from the Regulatory to the Economic Capital Model.

2017 also witnessed the launch and proximate finalisation of the IFRS 9 system implementation, which is expected to be up and running by end of the first quarter of 2018, thereby successfully meeting the effective date set by the International Accounting Standards Board (IASB). This ensures continuous compliance with international regulations, as required for CIB's GDR program on the London Stock Exchange. On the basis of the current expectations for national interpretation of IFRS 9, which has not yet been issued, the Bank is expected to be prepared to make the necessary changes based on the CBE's unique interpretations of the standards. Further adding to the progress, the first set of IFRS 9 compliant proxy financial statements were produced during the last quarter of 2017, allowing for a better understanding of the potential effects of the new standard on the Bank's profitability and capital levels.

Starting in 2016, the Financial Control Group took the lead in introducing the Value-at-Stake model to assess the feasibility of new and recently conducted projects, given the Bank's considerable capital expenditure, thereby coping with the continuous advancement in Information Technology, while rationalising investment spending and ensuring the best utilisation of the Bank's resources. By the first quarter of 2017, the VAS concept was fully implemented for all strategic projects with clear and defined guidelines, being monitored on a quarterly basis to include the updated performance of the projects in the post-implementation phase.

Finally, and in line with CIB's commitment to maintain the trust of its shareholders, the Taxation Department played a remarkable role in obtaining clearance from the Egyptian Tax Authorities regarding all tax obligations, giving CIB shareholders unique transparency and certainty concerning the largest tax liabilities faced by Egyptian companies.

The Bank's solid performance during the year hinged first on its long-term, preemptive approach to balance-sheet management.

Big Data

90%

accuracy rate of CIB's Anomaly Detection Model

2017 was yet another challenging year for the Analytics & Data Management team as it attempted to overcome several hurdles to deliver tangible results. Our focus this year was divided into three axes: innovation, consumer analytics, and all while continuing the infrastructure build-up started last year.

Consumer Analytics

Consumer analytics and focusing on customer behaviour has been one of our goals for this year, and likely years to come. We aimed to transform CIB into a more customer-centric organisation through numerous projects. To start, we completely revamped the existing balance-based customer segmentation represented in the Wealth, Plus, High Net Worth, and Core segments, and a fully customised, i.e. data-driven, behavioural segmentation was proposed that puts the customer at the heart of the organisation and, hence, decision making. This puts more emphasis on lifestyle and consumption behaviour and will help business and product owners create more targeted promotions and propositions and improve the customer experience.

The Data Team also worked on establishing an exhaustive understanding of the existing base by segment, including overseas customers. The insights covered all aspects of CIB product consumption, including their adoption behaviour, preferred product combinations, and associated profitability. It was further extended to assess customer activity levels and to identify existing opportunities and threats.

To achieve a 360 view of our customers, several key data science models were developed to provide a thorough understanding of a customer's typical journey with the Bank. A churn, i.e. affinity, propensity model was developed to unify the definition of a potential churner across CIB and identify (score) customers who are more likely to churn in the short term unless targeted with the right (tailored) retention offering. The model findings were coupled with an assessment of the potential losses associated with the phenomenon of churn during the previous years. Customers identified by the model as high risk of churn can be retained and, accordingly, result in higher customer retention rates. Based on a simulation done by this model, there is a potential net profit increase of c.EGP 29 million, resulting from the retention of 33,000 customers per annum (based on 2016 figures).

We also created five Customer Indices to standardise reporting on customer performance. The main aim was to provide the Consumer Banking Team with KPIs that represent customer performance during any given period of time and thus enable stakeholders to monitor and track how their behaviour evolves with new marketing propositions or pricing decisions. The team developed a segmentation of credit card users by their top merchant category code (MCC) to help create targeted marketing campaigns, hence realising higher spends and consequently profitability and boost customer loyalty. The team also worked on a post-assessment of Equal Payment Plan propositions to provide informed recommendations for enhancing our offerings. Customer Indices are expected to have a non-financial impact on the business, but introduced KPIs will allow Consumer Banking to track and monitor how customer behaviour evolves over time with marketing campaigns and strategic decisions.

We also joined forces with the Compliance Department to develop an Anomaly Detection Model with an accuracy level of over 90% in identifying risk and fraud. It is worth mentioning that the worldwide standard for similar models at other banks is an average 70-75% accuracy rate. The model is expected to identify irregular behaviour of retail customers who use their accounts for business purposes and should help the Compliance Department take necessary corrective actions to ensure CIB continues to abide by CBE regulations at minimum incurred costs. Moreover, it highlights potential opportunities among retail customers who need business services and support. The model is cutting down manual fraud detection time by at least 50%.

This year also saw us employ Operations Research in a project focused on call-centre optimisation and performance improvement. The project assessed the current workflow to identify opportunities for improvement and used statistical forecasting techniques to help anticipate busy periods. This will help optimise resource allocation and make it easier to provide the necessary workforce when needed to provide fast and effective customer service.

We also used analytics to develop a simulator of a customer's journey within branches that focuses mainly on teller transactions. The main objective was to reengineer and optimise the process and workflow within branches, which will eventually enhance the overall customer experience. It provides "what-if" and scenario analysis capabilities to minimise the cost of trial and error, which was previously the standard practice. The team is also currently working on a Facility Location model, which should help optimise the location, and hence costs, of any Bank facility established in the future, be it an ATM or a branch.

As for our Product Recommendation Engine, the team found this year that including risk appetite in determining the next bundle offered to customers was not significant and that replacing it with a purchase pattern would be of better value. As such, a Next Best Action (NBA) model was developed to help promote the next product offering based on its estimated appeal to customers according to their existing product portfolio instead of focusing on achieving pre-set targets regardless of customer preference. The model is expected to increase product acquisition by at least 10%.

The team was also responsible for formulating the business case for the Household Strategy, which was built in a customer-centric manner and included all the expected IT and human capital investments and their impact on financials. This business case helped quantify the segment, product, and channel financial targets as well as the impact of process engineering and IT investments on cost optimisation.

Innovation

We focused our data innovation efforts this year not just on CIB customers, be they individuals or corporates, but on all data customers inside and outside CIB. Whether you're CIB staff, a consumer, or a peer, we worked on innovations that can change the financial landscape and cement CIB's leadership position.

The centre of our innovation projects this year was the talk of the financial sector — Distributed Ledger Technology (DLT) or Blockchain. This technological advancement could pose a serious threat to the industry, which is why we're working on being a step ahead by working extensively with EMC2 on a research paper to better adapt the new technology for the regulatory and macro landscapes in Egypt. Through this endeavour, we identified the possible uses as:

- ***Operational simplification:*** Eliminates manual efforts required to perform reconciliation and resolve disputes.
- ***Regulatory efficiency improvement:*** Enables real-time monitoring of financial activity between regulators and regulated entities.
- ***Counterparty risk reduction***: Eliminates the need to trust counterparties to fulfil obligations as agreements are codified and executed in a shared, immutable environment.
- ***Clearing and settlement time reduction:*** Intermediates third parties that support transaction verification/validation and accelerates settlement.
- ***Liquidity and capital improvement:*** Reduces locked-in capital and provides transparency sourcing liquidity for assets.
- ***Fraud minimisation:*** Enables asset provenance and full transaction history to be established within a single source of truth.

CIB joined R3, an alliance of over 80 institutions committed to delivering the next generation of financial infrastructure. Members will collaborate on research, experimentation, design, and engineering to help advance state-of-the-art enterprise scale ledger solutions to meet banking requirements for security, reliability, performance, scalability, and audit.

Incubation: Fast track ideas by developing proof of concepts and market propositions quickly to graduate to accelerator or stop.
Research/Professional services: Drive delivery with dedicated Corda business and technical experts.
Acceleration: Accelerate proof of concepts into production.
Community: Collaborate with industry experts and contemporaries within other R3 member organisations.

Starting 2018, we plan to capitalise on the analytics work already conducted in 2017 in keeping with our belief that data is the future. As such, we plan to continue harnessing the power of data to keep CIB at the forefront of the Egyptian financial sector and to fulfil our duty toward our customers and shareholders.

Human **Resources**

At CIB, we believe our people are the most important assets in making the Bank's strategy a reality. Our Human Resources (HR) strategy focuses on five main pillars to support the Bank's expansion, customer segmentation, digital transformation, and aim to provide a superior customer experience. These pillars are: Talent Acquisition and Employee Retention, Talent Management and People Development, Communication, Reward, and Automation.

The aim of our HR strategy is to help drive the required changes in leadership, talent management, performance management, reward and recognition, personal development, staff communication, and organisational structures that are needed to ensure CIB achieves its strategic goals and that our employees are satisfied.

Talent Acquisition and Employee Retention

Our hiring strategy in 2017 directly aligned with the Bank's overall strategy of identifying critical missing roles and formulating tactics to fill those roles at the soonest possible opportunity. We focused on hiring for strategic growth areas and worked on the development of a young workforce through the MADP program, hiring a total of 532 new people during the year.

Last but not least, a 40-event tour was launched across different universities and venues in Egypt to promote the CIB Employer Value Proposition and its competitive advantage. This initiative maintains CIB's firm commitment toward the development of Egyptian youth across different fields and preparing young people for the labour market, which creates a new generation of qualified candidates who will drive the country's development and growth.

In 2018, HR will continue to attract, identify, develop, and retain top talents across all areas though focusing on delivering a clear and sustainable recruitment strategy that encourages and enables the development of internal talent. This is in addition to the identification of external talent, the use of appropriate tools and methods for recruitment, and setting the GoTo Recruitment Strategy for an outstanding candidate experience through benchmarking all the recruitment stages from screening until on-boarding against top-notch international standards.

CIB will continue to promote career progression and people development for its talents as we work toward building a strong internal talent pool while keeping headcount growth at a minimum. As such, employee retention is one the Bank's key long-term successes, with CIB prioritising retaining their top talent and looking for effective ways to keep their best employees content. CIB's overall T/O ratio was 6.4% as of December 2017. The year also saw the standard CIB entrance exam replaced with a new assessment tool dubbed the Ability Test, which assesses new hires' numerical reasoning, vocabulary, and critical thinking.

Talent Management and People Development

In 2017, a comprehensive suite of leadership training programs and modules were resumed. CIB introduced innovative ways to effectively up-skill and empower CIB managers with the best professional learning experience by building on the IMD track (International Institute for Management Development) that was introduced in 2016.

532
new hires

50
members of the Lead Program

Moreover, the Frankfurt School Leadership Track was resumed, with two rounds of Transformational Leadership taking place for 145 delegates over two modules. Currently, ongoing agreements are taking place with Frankfurt School to capitalise on the ongoing journey for those who successfully attended Module I and Module II to pave the way for 2018.

HR continued to enhance its talent management programs, introducing a newly revamped MADP program in February 2017. The three-month program now allows all MADP trainees (junior hires) to receive training sessions about various bank areas and product knowledge. Furthermore, middle management programs MMDP and MMCC were revamped and consolidated into a single middle-management program (the CIB Lead Program). Executive management identified and assigned 50 key talents at the management level to the program, all of whom underwent an online 360 ELP assessment conducted by Korn Ferry Hay Group. Key talents have a series of customised training modules to attend (seven core and three optional) throughout 2017/2018.

Given the Bank's focus on delivering the best customer experience, the Learning & Development Department (L&D) continued addressing service quality through designed programs such as the Icare program. The program focuses on branches, up-skilling branch managers, front liners, and back office staff on how to handle a variety of customers while delivering the best service quality.

In cooperation with the Marketing & Corporate Communication Department, L&D organised the Customer Service for Special Needs Program to coach CIBians on how to professionally engage with customers and colleagues with special needs.

Moreover, we launched the Service Award Recognition Program (Star Award) to recognise the Bank's best performing staff in an effort to increase service levels, empower middle management, and enhance employee morale.

In 2018, CIB will continue to develop and support the growth of transformational leadership management through continuing to innovate the Leadership Development track, which was developed and kicked off in 2016, with the help of IMD, Frankfurt School, and other reputable specialised vendors in this domain. Its aim is to utilise CIB's leadership capacity in alignment with the Bank's strategy and to build core CIB leadership competencies.

Additionally, L&D plans to build on the Talent Management Programs initiated in 2017, aiming to provide young talent with comprehensive exposure to different business areas, creating a solid pool of young talents and potential successors.

Furthermore, finalising the Competency Framework will be one of 2018's key priorities. The fundamental basis of the competency-based approach is to understand the key competencies within any role, including the settings that cause some individuals to perform better than others. This takes place through 1) understanding what skills high performers possess and the behaviours they demonstrate that are different to lesser performing individuals doing similar work, 2) defining the critical performance differentiators to act as a development template, and 3) developing and managing employees in line with the high-performance template. Additionally, performance management system automation will be finalised and integrated with the competency framework. These two vital projects will help CIB build a performance-driven culture by creating objective tools for measuring talents and hence creating a solid pool of successors.

A plan was also laid out to utilise rotation programs and embed CIB internal trainers into the Bank's framework to deliver a 2018 training guide and engage with employees who are enthusiastic about their work. This is set to be a positive step in enhancing CIB's reputation and brand equity.

CIB will continue to develop a high-performing culture where staff performance is supported, rewarded, enhanced, and managed effectively through establishing clear career paths and opportunities for career progression.

Communication

In continuation of the Bank's efforts to foster a high-performing culture and ensure alignment across divisions, 15 town halls were led by the head of HR to improve communication and increase performance-related dialogue. Moreover, 34 focus groups were conducted across the Bank to develop action plans linked to the results of the 2016 Employee Effectiveness Survey (EES).

HR will continue building the needed communication tools to enhance the level of engagement within the organisation and increase awareness. Accordingly, 2017 saw us launch the HR Mobile Application, integrated with the HR Oracle module, offering Oracle self-service functions.

Finally, the fourth EES, which was postponed from 2017, will be launched in 2018. EES aims to assess the level of employees' effectiveness in line with implementing action plans set for 2016/2017.

Reward

In light of the Banks' objective to improve its Reward Management system, CIB focused in 2017 on benchmarking the Bank's compensation and benefits offerings across other local and regional banks by participating in annual salary surveys with Korn Ferry Hay Group.

Furthermore, CIB developed a flexible reward framework that is able to differentiate between front-liners, technical, support, and back-office roles to step away from the "one-size-fits-all" approach. This allows us to place jobholders at different levels based on their job contribution to the organisation, while taking into consideration talent scarcity in a highly competitive market.

One of CIB focus areas this year was preparing a Job Evaluation program and revamping our grading and salary structure, both of which resulted in high levels of satisfaction after the application of a new profit-sharing calculation methodology. We aligned CIB staff members' compensation with market movements to ensure our external competitiveness is well positioned in the market, enabling us to attract, retain, and allocate the best calibres.

> "
> CIB's HR strategy focuses on Talent Acquisition and Employee Retention, Talent Management and People Development, Communication, Reward, and Automation to support the Bank's growth.

15
town halls held

34
focus groups held

Our "Total Reward Approach" is highly valued by staff and facilitates organisational objectives through delivering a total Reward Strategy, which supports the achievement of organisational aims while positioning us as an employer of choice. As such, we aim to implement a new employee stock ownership plan allocation mechanism directly linked to profit share and improve HR benefits and medical services across all business areas in collaboration with the Social Insurance Services Community and Social Insurance Fund. We also plan to offer our employees more special offers at universities, schools, and clubs and provide better offers for car servicing.

EES

Employee Effectiveness Survey assesses employee performance to align with the Bank's action plan

Automation

Ongoing automation initiatives continued in 2017, seeing us introduce new technologies that automated numerous activities through introducing the Oracle Learning Management (OLM) system. OLM enabled all CIBians to view L&D's in-house program catalogue subject to their eligibility criteria and allowed us to launch online courses integrated with the Oracle system.

Going forward, we plan to continue to build on automation initiatives to adopt better, more integrated, and innovative solutions with functional capabilities to enhance the Bank's productivity and efficiency.

Risk **Group**

The Risk Group (RG) provides independent risk oversight and supports the enterprise risk management (ERM) framework across the organisation. The group proactively helps recognise potential adverse events and establishes appropriate risk responses, which in turn reduces costs and losses associated with unexpected business disruptions. It works to identify, measure, monitor, control, and manage risk exposure against limits and tolerance levels and proactively reports to senior management and the Board of Directors (BoD). The area is managed by the Chief Risk Officer (CRO), whose responsibilities include the day-to-day monitoring of the following key areas: credit, investment, market, operational, conduct, liquidity, interest rate, security, reputational, regulatory, legal, social & environmental, and other non-financial risks, as well as the establishment of a holistic and integrated risk management framework.

ERM

adopts an integrated and forward-looking risk approach with dynamic risk culture, robust data governance, and an adaptable technology platform

Overview

2017 was yet another year of uncertain economic circumstances, but CIB's prudent risk management framework supported the containment of losses. Despite the challenges, the Risk Group continued to align and collaborate with businesses on product development and risk strategies to drive growth without compromising portfolio quality, which was controlled within the risk appetite parameters and continued to be on sound footing.

Risk Management Framework

Stress Testing & ICAAP

Risk Appetite & Culture

Financial Risks

Risks	Measurements	Governance	Policies
Wholesale Credit Risk	• Sensitivity Model/ Default Ratio/ Coverage Ratio and Provisioning Monitoring	• High Lending and Investments Committee • Institutional Banking Credit Committees	• Credit Policy
Consumer Credit Risk	• Loss Rates & Provisioning Monitoring • Leading, Coincidental, & Lagged Indicators • Behavioural, Segmentation, Vintage & Past Dues Analysis	• Consumer Risk Committee	• Consumer Credit Policy
Business Banking Credit Risk		• Business Banking Risk Committees	Business Banking Credit Policy
Liquidity Risk	• Liquidity Gaps • Net Stable Funding • Liquidity Coverage Ratio	• Asset & Liability Committee	Treasury Policy
Interest Rate Risk	• Economic Value of Equity • Earnings at Risk • Interest Rate Gaps		
Market Risk	• Value at Risk		
Investment Risk	• Internal Rate of Return • Discounted Cash Flow Models • Market Multiples	• High Lending and Investment Committee	Direct Investment Policy

Non-Financial Risks

Risks	Measurements	Governance	Policies
Operational Risk • Conduct Risk • Vendor Risk • IT Risk	• Loss Data Base • Risk and Control Self- Assessment • Key Risk Indicators • Heat Map • Global Database • Control Testing	• Operational & Reputational Risks Committee	• Operational Risk Policy • Conduct Risk Policy • Vendor Management Policy
Security Risk • Cyber Risk • Information Risk	• Risk/Threat Assessment and Monitoring	• Security Risk Committee	• Security Policies
Social & Environmental Credit Risk	• Portfolio Concentration in High Social & Environmental Risk Firms (Category A) • Percent of Loans in S&Es Sectors Exclusions List • Breaches of Social & Environmental Covenants	• Institutional Banking Credit Committees	• Social & Environmental Credit Risks Policy
Reputational Risk	• Employee Survey • Sentimental Report	• Operational & Reputational Risks Committee	• Crisis Management Plan • Crisis Communication Plan

Governance Overview

CIB's risk governance structure utilises the lines-of-defense 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 BoD 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 and reputational risk committees, are responsible for the identification, assessment, and reporting of all types of risks across all business lines.

- ***The High Lending and Investment Committee (HLIC)*** is an Executive Committee composed of members of the Bank's senior management team. Its primary mandate is to manage the 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, and 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 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 and cyber security, Bank asset protection, and workplace security.
- ***Operational & Reputational Risk Committee's (ORRC)*** main objective is to oversee Operational and Reputational Risks Management functions and processes independently and concur on appropriate frameworks to enhance Risk Culture.

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The Risk Group continued to align and collaborate with businesses on product development and risk strategies to drive growth without compromising portfolio quality.

Enterprise Risk Management (ERM)

CIB's ERM Framework is unique among local and regional peers and is a key pillar for the Bank. Starting up in 2014, ERM adopts an integrated and forward-looking risk approach, combined with dynamic risk culture, robust data governance, and an adaptable technology platform while being aligned with both business and risk strategies and governed by a robust Risk Appetite Framework. ERM uses risk oversight, control, and governance to efficiently utilise existing risk management capabilities and to help improve the operating environment and reduce operational surprises and thus mitigate risks.

Risk Appetite

CIB embeds ERM into strategy-setting, budgeting, and performance management, providing management with information needed and adopting alternative strategies. The Bank aligns business objectives with risk appetite and risk tolerance, quantifying this with earnings volatility, capital adequacy, and stable funding as the primary Key Risk Indicators (KRIs) that cascade into risk tolerances by risk category and risk limits.

Culture

CIB's risk culture encourages effective communication among employees to facilitate the alignment with business and risk strategies. It also promotes an understanding of prevailing risks throughout the organisation, spreading risk culture and internal controls awareness. Integrity and reputation are embedded in the Bank's culture, being key requirements to operate successfully. Risk Group plays an important role in spreading risk culture by expanding awareness sessions across the entire organisation, including branch staff, and holding tailored programs for different groups.

Identify, Measure, Manage, Monitor, and Report (IMMMR)

CIB uses the IMMMR approach to ensure appropriate risk identification of material risk that may impact strategy and goals. Adequate risk assessment through a comprehensive set of measures and techniques prompt risk response through developing strategic tactics and contingency plans to mitigate possible threats, in addition to sufficient controls via a comprehensive set of policies and procedures.

Stress Testing

Stress testing is an important tool used by the Bank, for both internal and external reporting, utilising local and international best practices. The main purpose of stress testing is to assess CIB's resilience to unfavourable shocks, and its main target is to formulate forward-looking strategies that mitigate the effects of these unfavourable shocks on the Bank's financial position. Its role is to also ensure there is ample capital for continuity should unfavourable conditions arise.

Limits and Policies

CIB has a comprehensive set of risk management policies, limits, processes, and procedures, which are regularly updated to align with the Bank's strategy, Risk Management Framework, market dynamics, and CBE regulations. CIB's policies, processes, and procedures are communicated throughout the organisation and are used as a tool of control over the Bank's risk level and tolerance.

Institutional Banking (IB) Credit Risk

CIB continued to pursue its prudent growth momentum in alignment with the IB credit portfolio quality. This risk-adjusted growth is a result of the consistent commitment to the credit risk process outlined via a comprehensive set of policies and operating guidelines adopted by Bank staff under the supervision of the BoD.

The following are the key tools used in credit risk identification and assessment:

- ***Internal Credit Rating Assessment Model:*** This is used to evaluate corporate portfolio customers' risk ratings through several phases, starting with covering all regulatory guidelines, consolidating historical information, and translating all aspects into qualitative and quantitative measures.

- ***Credit Risk Analysis:*** Senior management has adopted a more risk forward-looking strategy in the credit approval process to align risk with business objectives. The holistic analysis plays a strategic role in focusing on industry norms both domestically and internationally.

Financial Institution (FI) and Country Risk

The FI and Country Risk Team was formed to actively collaborate with international counterparties and develop a broad network of correspondent relationships coupled with an efficient and prudent approval process.

Social and Environmental Credit Risk Management

CIB has a long-standing commitment to sustainable development that is deeply rooted in its operations, policies, and procedures. As part of the Bank's proactive contribution to community development, the Social and Environmental Credit Risk Department was established in 2014 to focus on assessing the Bank's indirect impact on both society and the environment.

United Nations Environment Programme (UNEP)

CIB is the first and only financial institution in the Middle East to have joined the UNEP-Finance Initiative (FI). The Bank collaborated with the UNEP-FI team and members to address the role of financial institutions in achieving a worldwide sustainable finance approach.

CRO

is responsible for the identification, assessment, and reporting of all types of risks across the Bank's business lines

Consumer and Business Banking Credit Risk

Consumer and Business Banking Risk is managed via a robust framework in which businesses operate, while ensuring portfolio quality is aligned within the Bank's risk appetite. The Consumer and Business Banking Risk Management structure ensures that risks are identified and accurately measured, controlled, and proactively managed throughout all levels within the organisation through Credit Risk Assessment and Measurement models to safeguard the Bank's financial strength and grow its market position, while ensuring compliance with the Bank's business strategy and regulatory principles.

The Consumer Credit Cycle is presented in five main stages: Strategic Analytics, Product Planning, Credit Underwriting, Collections & Recoveries, and Account Maintenance, with assignment of different roles and responsibilities to manage the Consumer Risk structure.

On the Business Banking front, the Bank has focused on a revamped strategy aimed at growing and diversifying the portfolio and portfolio quality through increased emphasis on small ticket sizes to diversify risk and build loss-absorption capacity.

Consumer and Business Banking products' portfolio quality has been sustained, ensuring advanced portfolio management techniques by monitoring all current and historical programs' performances. This complements the identification of potential growth segments and the detection of early warning signals.

Liquidity and Funding Risk

The main measures and monitoring tools used to assess the Bank's liquidity risk include regulatory and internal ratios, gaps, Basel III ratios, asset and liability gapping mismatch, stress testing, and funding base concentration. Being proactive by looking ahead and in response to the current national and international market conditions, CIB pursued a successful strategy for sourcing liquidity as a backup for any stressed scenarios for deposit runoffs, to support any potential growth in loans, and comfortably cover any sudden shocks. In 2017, the Basel III Liquidity Coverage Ratio (LCR) and Net Stable Funding (NSF) remained strong and in compliance with regulations.

Interest Rate Risk

The Bank uses a variety of measurement techniques on the basis of earnings and economic value perspectives to measure and control the potential impact of interest rate risk on the Bank's financial position to obtain a complete picture of exposure, including Gap Analysis, Economic Value of Equity (EVE), and Earnings-at-Risk (EaR). CIB promptly responded to the challenging interest rate environment and assumed a more conservative and risk-averse balance sheet growth. The Bank tactically managed its asset mix and reengineered its balance sheet in a manner that mitigated the potential negative impact on earnings and lowered the volatility of the capital base. In addition, CIB has a robust interest rate stress testing framework that encompasses an evaluation of the impact of extreme market changes on the earnings and economic value based on a different set of variables and assumptions.

Market Risk

CIB has a solid Market Risk Management (MRM) framework that measures and assesses market risk in the trading book. MRM sets key limits, which is part of the Treasury Policy Guide (TPG), to monitor and control market risk by considering both the Bank's risk appetite as well as the projected business plan. These include position, stop-loss, and Value at Risk (VaR) limits. CIB was proactive and assumed further FX devaluation using multiple scenarios to forecast and measure the potential risk that might negatively impact the Bank's earnings and capital. The Bank has clear procedures to monitor and control exposure to FX risk within the internally approved overnight, intraday, and stop-loss limits set in the TPG.

Operational Risk

CIB maintains a comprehensive Operational Risk framework, with policies and processes designed to provide a controlled environment and to monitor the first line of defense in identifying and assessing risks and controls. The Bank monitors corrective action plan implementation to mitigate risks in systems, human factors, policies, internal processes, and external events using CBE guidelines and best practices.

Other Non-Financial Risks

In 2017, the Bank enhanced focus on the following non-financial risks:

- ***IT Risks:*** Action plans are monitored and a framework is under implementation based on best practices.
- ***Vendor Risk:*** An enhanced framework has been set to ensure all vendors are evaluated, monitored, and assessed to meet the criteria of qualified suppliers.
- ***Reputational Risk:*** The Bank has successfully defined ownership of Reputation Risk as an independent section, and a framework is under development.
- ***Conduct Risk:*** CIB was the first Egyptian bank to establish a Conduct Risk Framework in compliance with the Financial Conduct Authority (FCA), UK.
- ***Fraud Risk:*** A dedicated Fraud Team was relocated under Operational Risk Management to determine possible vulnerabilities that may lead to fraud events and to ensure preventive measures are in place.

Internal Control Management (ICM)

ICM joined the Risk Group in 2017 to enforce a proactive identification and monitoring of controls to increase independence & reliability and better manage the overall risk and control framework. ICM is considered one of the main pillars of control, and it ensures a full range of coverage by conducting various reviews across the entire branch network and

11
types of risks assessed under the Risk Management Framework

different departments, in addition to special investigations and assignments. This allows it to assess risk and compliance of the applied policies & proceedures and to ensure that the overall performance is consistent with the pre-determined standards, plans and objectives. In addition, ICM provides the concerned stakeholders and Senior Management with a comprehensive understanding on the effectiveness of controls for any corrective action.

2017 Accomplishments

- The Risk Group won the Middle East and Africa awards for the Enterprise Risk Management and the Liquidity Risk Management from the Asian Banker Singapore.
- Enhanced Risk Culture via focused training programs.
- Reengineered Risk Assessment and associated process for IB and Consumer Credit risk.
- Developed Industry Rating model (IRAM) for Corporate. Consumer Risk predictive analytics were developed to enhance risk identification and lending credentials.
- Developed a Non-Bank FI & Micro Finance Risk Assessment Model.
- Commenced the Non-Financial Risks Framework (Reputational and Vendor Risks).
- Revamped the Real Estate Low Income Scheme with the objective of increasing the penetration rate to the unbanked population.
- Developed new statistical models and enhanced approaches for detection of early warning signals and provisioning modules.

2018 Ongoing Forward Strategy

- The ERM Framework strategy that will continue to enhance the Bank's risk models for Credit, Operational, Market, Interest Rate, and Liquidity Risks.
- Continue to enrich the framework for Non-Financial Risks.
- Finalise the implementation of the IFRS9 project.
- Upgrade risk policies and procedures to align with the business strategy.
- Build a scalable risk infrastructure to attain customer experience excellence and a value-based strategy.
- Expand the scope and coverage of the Internal Control Management.
- Introduce an advanced and dynamic Consumer Risk Collection & Recovery mechanism.

Compliance

The Compliance Group at CIB is an independent unit that supports the Bank to pursue its growth strategies and indicates its reliability. The group provides intrinsic benefits beyond avoiding fines and penalties that includes constructive communication, improved overall business practices, and better understanding of the regulatory environment and its application in practice. The group also works to ensure CIB adheres to compliance standards to safeguard the Bank against a full spectrum of compliance risks.

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 commits to follow international best practices and market standards by ensuring that a sound Corporate Governance model is in place. The CIB Corporate Governance Guidelines provide the framework for the effective governance of the Bank to enhance long-term values of shareholders, employees, other stakeholders, and the community.

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 right implementation of FATCA regulations within CIB and provides a yearly report to the US Internal Revenue Services (IRS).

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

2017 Accomplishments

In keeping with the preventive measures taken in 2016, the Policies & Procedures Division took on new initiatives in 2017 to ensure the adherence to regulations and policies, while achieving quality service and customer satisfaction. The division's main accomplishment this year was highlighting detected issues to the concerned business heads and supporting them in taking corrective actions to comply with set procedures and regulations. The division participated jointly with the CBE Relations Division in tailoring new trade finance products to cope with the new demands of CIB customers.

The Corporate Governance and Code of Conduct Division in 2017 succeeded in avoiding potential conflict of interest by reviewing a considerable number of departments' restructuring versus respective job descriptions. Moreover, the division continued with its efforts to handle staff issues while encouraging a culture of whistle blowing in good faith. In 2017, the division made sure no trading of CIB's stock, either by employees or by insiders, took place during blackout periods to promote transparency and integrity to shareholders.

In coordination with the Egyptian Money Laundering Combating Unit (EMLCU), the AML Division managed in 2017 to adopt a new reporting system to receive suspicious reports and additional information by using GoAML software (a product of UNODC's Information Technology Service).

Back in 2016, the AML Division handled the logistics involved in converting to a fully automated monitoring system using SAS software — the industry's leading analytics software and solutions provider. In 2017, the system was partially implemented and is expected to be fully implemented in 2018.

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 international seminars to keep up to date on AML trends locally and globally. In doing so, a total of eight AML officers are now internationally certified by the ACAMS, with more expected to be certified in the future, making the team one of the highest qualified in the country.

In 2017, the FATCA Division successfully uploaded the yearly report to the IRS as a Single Foreign Financial Institution (FFI) and another report as Sponsoring Entity for CIB Mutual Funds. After the sale of CIB's stake in its subsidiaries, the FATCA Division updated CIB's status at the IRS as a Single Financial Institution instead of Lead Institution, and for that a new Global Intermediary Identification Number (GIIN) for CIB was obtained. Moreover, the division is completing preparations for the implementation of the Common Reporting Standard (CRS) to be ready for reporting once Egyptian authorities announce the target date.

Due to market conditions and ongoing changes during 2017, the CBE Relations Division resumed working closely with all CIB stakeholders to maintain a smooth workflow and to ensure compliance with the regulator's directives. 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 CBE Relations Division in 2017, the team began to conduct training courses to enhance awareness of CBE regulations for all staff.

Strategy Going Forward

Going forward, the Compliance Group will continue to assist the Bank in achieving its financial, operational, and strategic goals while maintaining compliance with all associated laws and regulations through identifying institutional risks, performing reviews, investigations, and analysis. Moreover, the Compliance Group will continue to act as the safeguarding shield against a full spectrum of compliance risk while upholding compliance issues through effective education and training programs, and fostering the values of knowledge, honesty, integrity, respect, and professionalism.

Internal **Audit**

CIB's Internal Audit Group is determined to solidify its position within the Bank and the market to meet its clients' expectations while simultaneously complying with international standards (IIA Professional Practice Framework).

The CIB Board Audit Committee is the backbone of Internal Audit Group, supporting and safeguarding the independence of the third line of defence to overseeing Operation & Risk Management activities, according to a risk-based audit methodology.

The Internal Audit Group provides independent and objective assurance to its stakeholders, in addition to consulting activities designed to add value and improve the organisation's operations. It supports senior management in accomplishing CIB's strategic objectives by assessing the adequacy and effectiveness of the internal control system. Concurrently, it evaluates and improves the effectiveness of Enterprise Risk Management and governance processes.

Internal Audit staff are meticulously selected, have diversified professional experience that covers all banking functions, and are backed by numerous professional certifications (e.g. CIA, CBA, CPA, CISA, and MBA). Internal Audit staff are continuously involved in internal and external training programs and regularly attend international conferences to increase their proficiency and update their knowledge of international trends and methodologies, such as Enterprise Risk Management (ERM), IFRS, Basel, etc. Internal Audit staff also attend committees and meetings sponsored by senior management to ensure they are kept up to date with management's strategies and objectives.

Triggered by our belief that Internal Audit acts as a trusted advisor to the organisation, a new division was established in 2017 to provide consultancy activities. The division is mainly responsible for studying challenges and providing consulting services to management upon request, based on a preapproved scope. It also conducts special investigations, if required.

This year, our Follow-Up Division succeeded in increasing its annual issues closure rate, while our Quality Assurance Division continued to regularly obtain surveys from audited entities on the effectiveness and added value of the Internal Audit teams during the year. The division also conducts regular quality assurance reports after each Audit Engagement to ensure we comply with international standards.

Empowered by our BoD Audit Committee and in line with the latest international trends, a complete synergy between Internal Audit Group and our strong Data Analytics Division has been created, which will increase the efficiency of the Internal Audit function and provide a continuous monitoring mechanism to detect early warning signs.

Marketing and Corporate **Communication**

6th

place ranking in Africa

Over the years, CIB has been well positioned as the largest private bank in the market, strengthening its brand exposure and leadership on both the local and international spheres and being a local Egyptian bank with a global view. More importantly, the Bank succeeded in affixing its reputation to rigid core values that revolve around loyalty, trust, and social commitment. These values not only enhance and expand our brand equity, business growth, and positioning, but at the epitome of it all support and contribute to the financial sector's growth and lead community development change across Egypt.

CIB kick-started 2017 with significant international recognition, having its brand value ranked the first in Egypt by The Banker's — one of the world's most renowned international organisations — in its list of Top 500 Banking Brands. CIB's brand value also saw a notable growth rate of 43% to USD 449 million from USD 313 million in 2016. CIB was also ranked sixth in Africa and 269th globally, climbing 57 places since 2016.

Another outstanding achievement for the Bank was being named by Euromoney as the World's Best Bank in Emerging Markets for the first time in the Egyptian, Middle Eastern, and African banking sector. The award represents a distinguished acknowledgment of CIB's role in the banking sector attained by a sound strategic vision, goals, and defined plans conducted over the past few years to transform the Bank into a leading full-fledged financial institution and reaffirm its position as the most profitable private sector bank in Egypt, backed by a dedicated staff. Though both the economic and political conditions were challenging this year, the Bank also underwent an aggressive technological upgrade plan, adopting new business propositions and promoting innovation.

As further recognition of the Bank's best-in-class banking services and excellence in introducing an innovative, unique banking experience, CIB received the Best Bank in the Middle East award by Euromoney. The award confirms CIB's robust foundation and consistent development with a base built on balance-sheet management, customer-driven core banking strategy, and consistent operational efficiency. These factors allowed the Bank to outperform on both a regional and global level.

Awards received this year are international testimonies for CIB's leading position, outstanding performance, and effective strategies to meet international banking standards and compete with other organisations globally. Such a strong positioning in the market attracts investors and communicates a healthy recovery process for the Egyptian economy.

A full list of the prestigious international awards that CIB achieved in 2017:

- Best Trade Finance Provider in Egypt by Global Finance
- Best Treasury & Cash Management Providers in Egypt by Global Finance
- Best Foreign Exchange Provider in Egypt by Global Finance
- Best Bank in Egypt 2017 by Global Finance
- Best Bank in Egypt by Euromoney
- Best Securities Services Providers in Egypt by Global Finance
- Best Cash Management Services in North Africa by EMEA Finance
- Best FX Services in North Africa by EMEA Finance
- Best Local Bank in Egypt by EMEA Finance
- Most Innovative Bank–Pan Africa by EMEA Finance
- Achievement in Enterprise Risk Management in the Middle East and Africa
- Achievement in Liquidity Risk Management in the Middle East and Africa

The Corporate Communication team worked extensively on campaigns to shed light on the Bank's accomplishments by promoting it across the world's most prominent foreign media channels. Such efforts included securing interviews for the Bank's senior management with leading media outlets such as Bloomberg, The Economist, Reuters, Global Finance, Global Markets, Banker Africa, Euromoney, EMEA Finance, and The Financial Times. It also promoted the chairman's participation in two significant international events: 1) the Yahoo Finance! All Markets Summit in New York, where the chairman was the only participant from the Middle East, with his session hitting 1.3 million viewers online, and 2) the Global Financial Forum organised by Dubai International Financial Centre (DIFC). Foreign media campaigns also featured the Bank's achievements on digital media platforms with the placement of digital banners to maximise audience reach, paint Egypt's image in a positive light, and market the Bank's brand globally, making Egypt more attractive to investors.

Similarly, the Bank was constantly present on local and regional media channels, including coverage of the Bank's achievements, products launches, news, interviews, and special editorials across both print and online high-traffic media platforms. The PR and media campaigns were held with respected publications such as Al-Arabiya, Bloomberg Middle East, Forbes Middle East, and MSNBC.

To further enhance the Bank's online arena, the Marketing and Corporate Communications team aligned with the Bank's strategy to develop its e-channels and turn them into mobile-friendly portals, using an intuitive and responsive design that adapts to tablets and smartphones. Since the Bank's internal communication channels are on equal footing with brand equity, the corporate intranet was mirrored onto a mobile app to provide a more convenient platform for CIB employees.

As for brand positioning, the Bank ensured strategic and exclusive brand exposure in the tubes of Cairo International Airport, in addition to its special branding across the airports of Burg Al-Arab, Hurghada, and Sharm El-Sheikh. Events and sponsorships were also piloted to help maintain CIB's brand identity as a positive key player in Egyptian society.

The Bank has continued to strengthen its ongoing commitment to maintain a positive impact on society through its diverse Corporate Social Responsibility (CSR) activities focused on recognising Egyptian art, culture, social care, sports and lifestyle.

2017 also saw the Bank embark on a new type of sponsorship with high-level international events that promoted Egypt and CIB such as the Bicentenary Celebration of Abu Simbel Temple's Discovery, held in Le Petit Palais in Paris under the auspices of the Ministry of Foreign Affairs and the Egyptian

USD MN
449
in brand value

43%
increase in brand value

Embassy in France. The event recognised a UNESCO campaign to help save Nubia's historical monuments and was attended by more than 600 public figures. Such exposure aligned with the Bank's goal of reviving Egypt's historical and cultural legacy and efforts to boost tourism.

In line with the Bank's efforts to support Egyptian youth, CIB was the exclusive banking sponsor of the '100% Egyptian Cotton' fashion installation in the International Fashion Showcase (IFS) 2017 in London, which featured Egypt's best emerging designers. The Bank was also one of the main sponsors of the World Youth Forum in Sharm El-Sheikh, which represented a platform to bring together promising youth of diverse backgrounds to send a message of peace and harmony to the entire world. Similarly, CIB sponsored the Africa 2017 Forum, held under the patronage of the Egyptian President in Sharm El-Sheikh, to support a platform for heads of state, government, the private sector, and business leaders in Africa and beyond to identify critical issues and engage in fruitful resolutions.

Strengthening CIB's leadership has always been Marketing and Corporate Communications' guiding principle when selecting sponsorships and activities that reflect the Bank's ongoing commitment to maintaining a positive impact on society. As such, CIB made active contributions to diverse sponsorships and events, which included:

CSR
- Sawy Culture Wheel
- KidZania
- Autism
- Beena Initiative
- Zawya
- Squash for Everyone

Quality, Lifestyle, and Sports
- IMAX, Americana Plaza and Point 90 cinema complex
- Egyptian Squash Federation
- El-Gouna E-Bikes
- Inter-Embassy Football Tournament

Art and Culture
- 100% Egyptian Cotton
- Night with Art at the Egyptian Museum
- La Biennale di Venezia
- Youth Salon
- Upper Egypt Salon
- Aisha Fahmy Palace Renovation

Business
- Money and Finance Conference
- ICT
- American Chamber of Commerce in Egypt
- Curing Tourism Conference
- Unifying Religions Conference
- Money and Finance

Throughout all our events, the Creative and Production team served as a supportive arm by creating educational videos and rebranding designs to help communicate messages and align with the Bank's identity in a more creative and innovative manner.

On the marketing communication front, the team worked this year on launching regular campaigns for new products focused on branding, and hence creating a bond between the brand and the customer. We relaunched in early January the Heya credit card with an extravagant event at the Nile Ritz Carlton Hotel attended by high-end Heya customers as well as prominent figures. Multiple campaigns, promotions, and partnership launches in various specialties were also initiated to enhance the Bank's customer experience offering. These ranged from campaigns empowering women such as the Top 50 Women event, to promotions including CIB-Egyptair Mileseverywhere, the Instalment Payment Plan campaign, and Bonus Loyalty program.

Wealth Customers were invited to two CIB sponsored events that align with the lifestyle of the segment, including the Ahl Masr Ramadan Event featuring prominent classical composer Omar Khairat and mega-star Amr Diab's summer concert in Marassi. Many offers and promotions were customised to Wealth customers, including but not limited to, complimentary loyalty points on Bonus program and free five-star hotel vouchers.

The Bank also took significant strides in launching digital campaigns to align with the Bank's overarching digitisation strategy to embody innovation and transformation. Building on product proximity to customers, we launched in 2017 the Mobile Banking campaign in addition to the ATM Tuition Fee campaign, which allows universities to accept tuitions through our ATM network. Moreover, we revamped the CIB website to make it more user friendly and launched upgraded features and capabilities. Not only did this boost traffic to the website significantly, but it greatly increased our brand equity. The Bank also employed a variety of online advertising tools, up to date with industry trends, ranging from search engine marketing to display ads, to social media sales leads generations that provided a wealth of data and sales leads for a spectrum of products allowing the Bank to reach a wider audience with minimal cost.

Other campaigns launched this year were ones to increase limits on Internet Banking transfers, the CBE campaign, Smart Wallet campaign, and the visually impaired inclusion campaign. Additionally, the Bank focused on launching personal loan initiatives such as the Self-Employed campaign, which sought to help self-employed customers achieve their dreams by offering them loans with a tenor of up to eight years and a loan amount of up to EGP 500,000.

CIB AFFILIATES

CIB
Affiliates

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 management's strategy is centred on service excellence. The company provides a plethora of services including, but not limited to: security services, money transfer, technical systems and security products, public services and project management, and tourism and concierge services to a variety of industries such as the industrial, commercial, tourism, and public sectors.

The group provides state-of-the-art, holistic solutions tailored to every client's specific requirements. Falcon Group's key strength lies in its single-point-of-contact solutions that ensure it provides consistent services at the highest quality, lowest risk, and with great flexibility at a reasonable cost.

Falcon for Security Services

Falcon for Security Services 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. With a portfolio of over 630 clients, the company provides services such as property protection, event security, corporate security and training, personal protection, as well as safety and industrial training to some of the biggest companies in Egypt. The company values clients as business partners, dedicated to providing them with the highest quality of service and treating their goals and objectives as its own.

2017 Achievements

- Falcon for Security Services achieved its 2017 goal of working with numerous prominent institutions and added new segments of clients through securing several projects such as the new conference hall, Porto Sokhna, and El Zamalek Sporting Club.
- Increased income in 2017 to 45%.
- Increased the percentage of securing public events 200% in 2017, with the year seeing the company organise events such as the Egypt Can Conference, Auto Mac Formula, African Champion's League matches, and China Trade Fair.
- The company achieved a market share of 60% this year and aspires to maintain its market leadership by growing both organically and through acquisitions.

Forward-looking Strategy

As part of the group's goal of providing top-notch solutions, Falcon companies plan to use managed service providers for its activities. The group also expects to target prominent institutions and clients such as Amer Group and Eni Company for Petroleum Services to add to its roster of clients while simultaneously expanding its product and service offering to ensure clients remain fully satisfied and confident in them as their number one choice in terms of efficiency and customer service. In 2018, the group plans to expand its market presence by 25%.

Falcon for Public Services and Project Management

Falcon for Public Services and Project Management operates all facility systems to the comfort and satisfaction of facility occupants. The company offers general cleaning, landscaping, façade cleaning, and marble polishing at the highest quality, efficiency, and cost effectiveness. Falcon for Public Services and Project Management holds a market share of 20%, serving a large client base out of 300 different locations in 2017.

2017 Achievements

- Through considerable efforts to build solid relationships and gain the trust and confidence of public and private institutions, the company succeeded in signing on several new clients such as a new conference hall, Toshiba El Araby Group, and Cequens.
- The company has also been able to renew important contracts such as with the Port Said Security Directorate, the Embassy of the Sultanate of Oman, the Embassy of the State of Kuwait, and Mall of Arabia.

Forward-looking Strategy

The company's strategy is based in its firm belief that their performance is measured by their clients' success. Over the next year, the company plans to sign sizeable several contracts with government agencies as they continue to carefully select, train, and supervise their professionals and staff to ensure they meet client needs and provide exceptional levels of performance.

Falcon for Cash in Transit Services

Falcon's Cash in Transit division works with reputable banks and companies in Egypt, providing CIT services, ATM replenishment, maintenance, vaulting, cash management, and valuables transportation through a highly qualified team. In 2017, the company increased its market share to 38% through the acquisition of new award contracts and expanding its client portfolio.

2017 Achievements

- Falcon signed new contracts to increase its market presence, achieving growth of 15% in 2017.
- The company served 1,160 ATMs in 2017 compared to 1,100 in 2016.
- Falcon signed a partnership agreement with one of the largest companies in the world that will allow it to provide more services and offer expanded benefits to its clients.
- The company increased cash volumes to 40% in 2017.
- Falcon increased gross revenues to 40% in 2017
- The company added nine armoured vehicles to its fleet.

Forward-looking Strategy

The company plans to grow the segment's market share through providing new services for retail, having already integrated new solutions to collect cash from shopping centres. Falcon for Cash in Transit will also use the latest technology to develop ATM services and in its managed cash offerings as part of its strategy to streamline its operations. The company is also investing considerable resources to train its team members to consistently provide the highest level of service to clients.

Falcon Tech

Falcon Security Systems designs, implements, and maintains all integrated electronic systems in the field of technical security for facilities and individuals.

Falcon Tech succeeded in expanding its market share to 60% by signing several new contracts in 2017 to provide security systems to airports, commercial malls, and universities.

2017 Achievements

The company signed several new clients, including:

- The Ministry of Armed Forces
- General Intelligence
- Suez for Petroleum Production
- El Ahly Club
- Civil Protection
- 20 new CIB branches
- Cairo International Airport

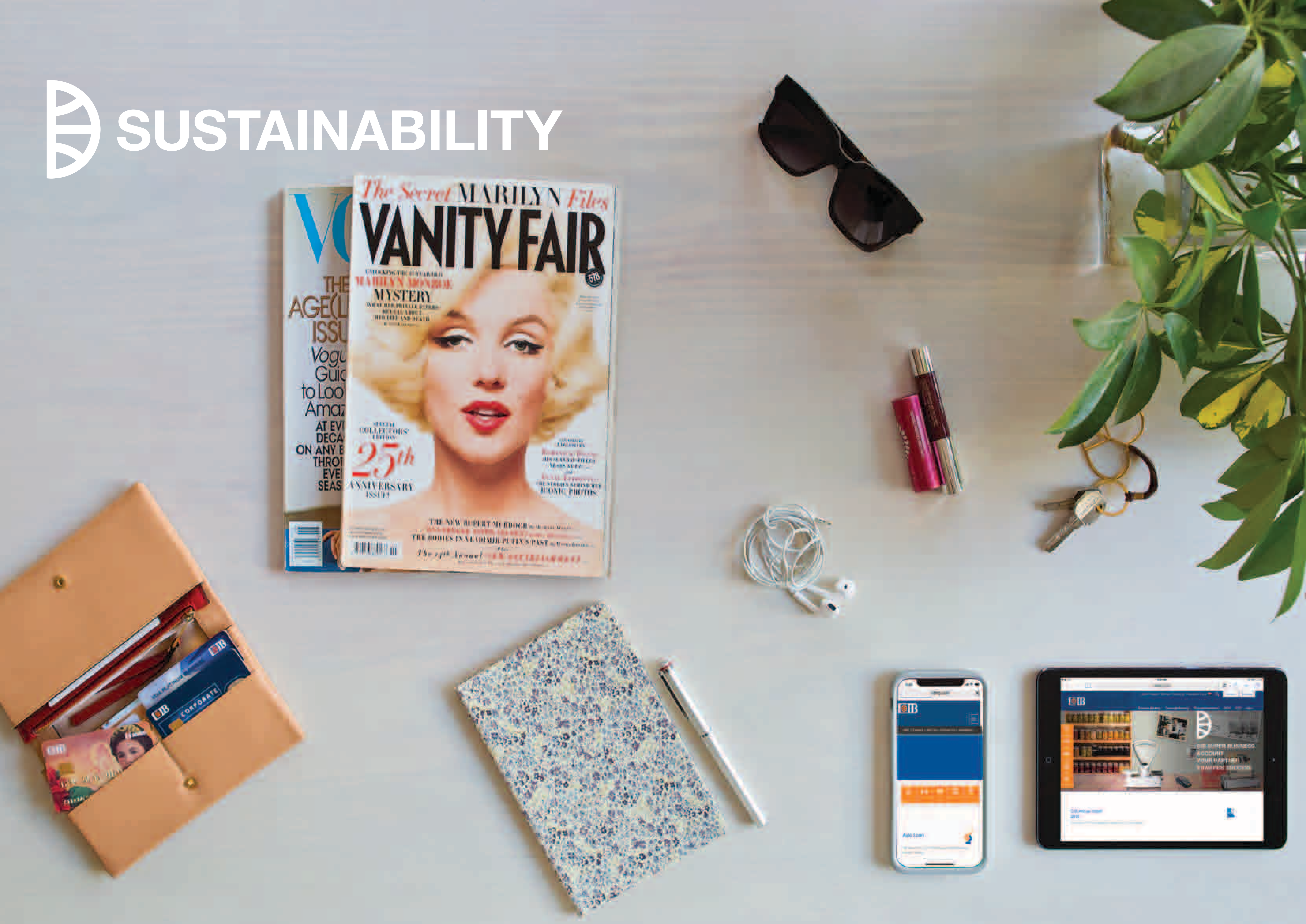
Falcon for PR and Communications (Tawasul)

Falcon for PR and Communications (Tawasul) specialises in communication services and consultancy as well as event and conference management. It also offers media services.

CI Capital

As part of CIB's strategy to gradually offload its auxiliary activities to funnel its efforts directly into its core banking services, CIB took steps to divest part of its stake in CI Capital Holding (CI Capital). In a transaction valued at EGP 710 million, CIB transferred 74.75% of its shares in the company to non-related Egyptian and Gulf investors in March 2017. Another partial sale of the Bank's 9.99% shares took place in early July, amounting to EGP 101 million. Later that month, CIB transferred another 3.45% in a transaction worth EGP 45 million. The Bank now retains a minority stake of 10% in CI Capital.

SUSTAINABILITY



Corporate **Governance**

32.45%
ROAE

Effective corporate governance remains central to the culture and business practices of CIB as the Bank seeks to continually upgrade and adopt best practices in the areas of governance, transparency, ethics, management and oversight of risk, audit and compliance. The Bank has an overarching objective to become the best financial institution in Egypt and has committed to numerous concrete principles and corporate values to achieve this objective. Such values are embedded across the Bank through a corporate governance framework that is relevant and proportionate to the scope and size of CIB's businesses.

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, independent 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.

To maintain balance and independence, the Board went through several reforms this year to further enhance its structure and general representation levels and increase female participation to keep up with corporate governance best practices both on the local as well as the international arenas. Furthermore, in line with CBE directives on corporate governance as well as international best practices that have seen many companies worldwide increasingly separating the roles of chairman and chief executive officer, and in view of the Bank's future growth plan, CIB's BoD appointed Mr. Hussein Abaza as the Bank's CEO and Executive Board Member to be responsible for managing and directing the Bank's business lines and ensuring smooth day-to-day running of the Bank and execution of strategy approved by the Board, thus creating more space for the chairman to focus on the strategic direction of the Bank.

By the end of 2017, CIB's BoD comprised nine 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 2017, CIB's BoD met six 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 BoD.

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standing committees are tasked with assisting the BoD in decision-making

Mr. Hisham Ezz Al-Arab
Chairman and Managing Director

Mr. Hisham Ezz Al-Arab has been chairman and managing director of CIB since 2002. He leads today a team of more than 6,500 professionals who have transformed the institution from a wholesale lender into Egypt's largest private-sector bank, leading the sector on key metrics including revenue, profitability, net worth and market share of deposits. CIB serves more than 1 million customers, from individual customers to small- and medium-sized businesses and leading corporations, among them Egypt's 500 largest companies.

The Bank's market capitalisation has grown from EGP 1 billion at the beginning of Mr. Ezz Al-Arab's term to EGP 90 billion, making its stock — a blue chip component of the Egyptian Exchange — the global investment community's preferred proxy for Egypt and a benchmark for the banking industry in emerging markets.

Core to the Bank's success is its unique culture, which balances an entrepreneurial spirit that prizes innovation with a commitment to global best practices in both corporate governance and risk management. That culture, nurtured over more than 15 years, is the Bank's natural competitive advantage and led directly to the establishment of the first-of-its kind employee stock ownership program (ESOP) in 2006, thus aligning the interest of employees to that of shareholders. In 2010, Mr. Ezz Al-Arab brought to life the CIB Foundation, which is a leading Egyptian voice for universal access to quality healthcare extended to underprivileged children. CIB was named Euromoney's Best Bank in the Middle East and Best Bank in Global Emerging Markets for 2017 and was named African Banker's 2016 Socially Responsible Bank of the Year. Mr. Ezz Al-Arab was recognised in 2016 by Euromoney for his "Outstanding Contribution to Financial Services in the Middle East" and was EMEA Finance's "Best CEO in Egypt and Africa" at the magazine's 2014 Banking Awards. Under his leadership, CIB was named the "World's Best Bank in the Emerging Markets" by Euromoney at the Global Awards for Excellence ceremony held in July 2017, thus becoming the first bank in Egypt, Africa and the Middle East to ever win this award.

Mr. Ezz Al-Arab leads the Federation of Egyptian Banks as Chairman, is a member of the Institute of International Finance's Emerging Markets Advisory Council and serves as a director of MasterCard Middle East's Regional Advisory Board. He is also the Chairman of Board of Trustees of the CIB Foundation. Mr. Ezz Al-Arab is Non-executive Director of Ripplewood Advisors MENA Holdings, a Non-executive Director of Fairfax Africa Board and a Non-executive Director of Atlas Mara.

Mr. Ezz Al-Arab joined CIB from Deutsche Bank and previously served with both JP Morgan and Merrill Lynch in postings that took him to Bahrain, New York and Cairo. He holds a BA in Commerce from Cairo University.

Mr. Hussein Abaza
Chief Executive Officer and Board Member

Mr. Hussein Abaza is a careered banker with more than 30 years of experience in the financial services industry — including both commercial banking and investment banking — and is well-known in the global financial community. From October 2011 until his appointment as CEO and BoD member in March 2017, he was CEO for Institutional Banking at CIB. He has previously served as the Bank's Chief Risk Officer and Chief Operating Officer and began his journey with CIB in 1985, when the Bank was known as Chase National Bank of Egypt.

Outside CIB, Mr. Abaza worked as Head of Research at EFG Hermes Asset Management from March 1995 to October 1999.

Mr. Abaza graduated with a BA in Business Administration from The American University in Cairo in 1984 and has completed professional training in Belgium, Switzerland, London and New York.

Mr. Jawaid Mirza
Independent, 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 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 BoD and assumed the responsibilities of Managing Director, overseeing the daily work of the following areas: Consumer Banking, COO, Finance Group and IT.

Mr. Mirza is widely recognised for realigning and returning to excellence and profitability floundering business units and building collaboration across multiple jurisdictions for business and cultural change. He 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 Group COO Board, and served on the board with ABN AMRO Pakistan Ltd. He took business management courses from reputable institutions including Queens Business School, Wharton Business School. He currently serves on the Board of Directors of Eurobank Greece (Athens) as an Independent Board Member and Chair of the Board Risk Committee. He also served on the Board of Directors of Prime Bank, ABN AMRO Pakistan Ltd. post the acquisition and integration of Prime Bank. He also served on the boards of non-profit organisations, namely Artistri Sud (Montreal), Humewood House (Toronto). He is a member of the Institute of Corporate Directors, Canada.

Mr. Mirza has been a CIB Non-executive Board Member since January 2014 and chairs the Audit Committee. He is also a member of the Risk, Operations & Technology, Compensation and Corporate Governance and Nomination Committees and a member of the Sustainability Advisory Board.

Dr. Sherif Kamel
Independent, Non-Executive Board Member

Dr. Sherif Kamel is professor of management and founding dean of the school of business at the American University in Cairo. He also served the university as vice president for information management and as associate dean for executive education. Before joining AUC, he was director of the Regional IT Institute and prior to that he was training manager of the Cabinet of Egypt Information and Decision Support Center. He is an Eisenhower Fellow and the Center for Global Enterprise Fellow. He is a member of the AACSB International Middle East Advisory Council; Egypt-US Business Council and a board member of Education for Employment Egypt. Previously, he was a board member of the Egyptian American Enterprise Fund, executive vice president of the American Chamber of Commerce and member in the World Bank Knowledge Advisory Commission. He was a founding member of the Internet Society of Egypt. He was invited as panelist/speaker in a variety of policy, development and leadership conferences and expert meetings including Asia-Middle East Dialogue, AACSB International, World Summit on the Information Society, Center for Strategic and International Studies, Atlantic Council, German Marshall Fund, Middle East Institute, the International Monetary Fund and the World Bank. Kamel holds a PhD in information systems from London School of Economics and Political Science, an MBA, a BA in business administration and an MA in Islamic Art and Architecture from the American University in Cairo. His research and teaching interests include management of information technology, information technology transfer to developing nations, organizational transformation, electronic business, decision support systems and entrepreneurship. His work is published in information systems and management journals and books.

Dr. Kamel is CIB Non-executive Board Member since May 2013 and chairs the Operations & Technology Committee and a member of the Audit, Compensation, Corporate Governance & Nomination Committees.

Mr. Yasser Hashem
Non-Executive Board Member

Mr. Yasser Hashem has been the Managing Partner of Zaki Hashem & Partners since 1996 and Partner from 1989 to 1996. 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. His expertise in corporate M&A and capital markets extended 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 value veteran of Egyptian legal practice.

With a focus on corporate law, Mr. Hashem played a major role in the privatisation of public sector entities in Egypt through supporting hundreds of restructurings, capital market transactions, incorporations of foreign and domestic companies and advising foreign and local investors on the most efficient vehicles and structures for their investments 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 payphones, mobile cellular networks, private data networks, satellite and marine fiber optic cabling, etc. His expertise in the telecom field led to his appointment by Ministerial Decree as Member of the New Telecommunication Act Drafting Committee.

He was responsible for most IPOs that took place in Egypt 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.

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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.

Combining a wide range of extensive legal knowledge with honed networking and interpersonal skills, Mr. Hashem protects and furthers the interest of over 100 local and international clients. He received his LL.B. from Cairo University in 1989.

Mr. Hashem has been a CIB Non-executive Board Member since May 2013 and chairs the Corporate Governance and Nomination Committee. He is a member of the Audit and Compensation Committees.

Mr. Mark Richards
Independent, Non-Executive Board Member

Mr. Mark Richards is Chief Executive of IPGL (Holdings) Limited, a major corporate holding Company based in the UK. He is Chairman of Exotix Holdings Limited, a frontier markets brokerage and investment bank and Director of Singapore Life, a rapidly growing digital life insurance group operating across south-east Asia. At Oxford University he is also an advisor to Oxford Sciences innovation, the venture capital unit.

Mr. Richards brings considerable experience in emerging market banking and investment. He was Partner and Global Head of Financial Services at Actis, one of the world's leading and most ethical emerging market private equity groups. During 11 years at Actis, Mr. Richards was responsible for building many successful companies in Africa, Asia and Latin America.

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 30 years of global experience in Banking and Financial Services, Mr. Richards serves as Non-Executive Director for a number of companies. At CIB, he chairs the Risk Committee and supports strategy development. He has a first class degree from Oxford University in modern history and economics.

Mr. Richards 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. Bijan Khosrowshahi
Non-Executive Board Member

Appointed in October 2014 representing the interest of Fairfax Financial Holdings Ltd., Mr. Bijan Khosrowshahi was nominated by Fairfax to continue serve the company's interest in CIB for the Board Term 2017-2019. He 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 to have 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 government 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.

Mr. Khosrowshahi 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. He chairs the Compensation Committee and is a member of the Risk and Corporate Governance & Nomination Committees.

HE Dr. Amani Abou-Zeid
Independent, Non-Executive Board Member

HE Dr. Amani Abou-Zeid is a senior international development expert with extensive knowledge of Africa at the strategic and operational levels. For more than 30 years, she has served in leadership roles at top-tier international organisations such as the African Development Bank (AfDB), UNDP and USAID, with a focus on infrastructure and energy programmes. She was elected in January 2017 as African Union Commissioner in charge of regional and continental strategies, policies and partnerships in the sectors of infrastructure, energy, ICT, and tourism.

Over her career, she has amassed a rare mix of experience from across Africa, France, the UK and Canada and worked across constituencies with a wide variety of stakeholders. She has managed an operational portfolio of USD 10 billion and implemented national and continental multi-sectoral development programmes, including the world's largest solar power plant (Nour).

An Egyptian national, Dr. Abou-Zeid has a multidisciplinary academic training: B.Sc. in Telecommunications Engineering from Cairo University); an MBA in Project Management from the French University for African Development (Université Senghor); a Masters of Public Administration from Harvard University; and a Ph.D. in Social and Economic Development from The University of Manchester, UK. She also has a degree in Arts from Université Sorbonne-Paris IV.

Dr. Abou-Zeid has received numerous international awards and recognitions for her leadership and excellence including the Wissam Alaouite de l'Ordre Officier honour from HM King Mohamed VI of Morocco, "Personalité d'avenir" from the government of France and was selected as one of The 50 Most Influential Women in Africa.

In 2017, Dr. Abou-Zeid was also named Commissioner to the Global Leaders Broadband Commission for Sustainable Development and received the "Outstanding Alumni Award" from the University of Manchester, UK.

Mrs. Magda Habib
Independent, Non-Executive Board Member

Mrs. Magda Habib is the Co-Founder and Chief Executive Officer of Dawi Clinics, a chain of primary care clinics established in Egypt in 2016. Mrs. Habib has vast experience in the technical information technology and electronic payments fields as well as smart banking solutions. She has 25 years of expertise in various managerial arenas including strategic brand management, consumer and retail marketing, corporate communications and investor relations.

Previously, she was the Co-Founder, Board Member and Chief Commercial, Marketing & Strategy Officer at Fawry Banking and Payment Technology Services. As a co-founder and a key member in the executive team, Mrs. Habib helped establish Fawry as the leading electronics payment platform in Egypt with more than 50,000 payment points nationwide. Mrs. Habib's journey with Fawry culminated with a successful exit to a consortium of private equity funds in 2015.

Prior to Fawry, Mrs. Habib spent nine years as a member of Raya Holding's executive team where she played a key role in the merger and development of Raya Group, as well as being responsible for the creation and development of the Raya brand to become a leading technology player in Egypt.

Mrs. Habib obtained an MBA from INSEAD, France. She holds a B.Sc. with Honours in Computer Science from The American University in Cairo.

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members make up CIB's renowned BoD, providing the Bank with the leadership and experience to manage its business with integrity, efficiency, and excellence

Board of Directors' Committees

CIB's BoD has eight standing committees that assist in fulfilling its responsibilities. Accordingly, the BoD is provided with all necessary resources to enable members 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.

Non-Executive Committees

Committee	Members	Key Responsibilities
Audit Committee Supervising the quality and integrity of CIB's financial reporting	Chair: Mr. Jawaid Mirza Members: Dr. Sherif Kamel, Mr. Yasser Hashem	Established to offer effective oversight of the integrity of the Bank's financial reporting process, the effectiveness of the Bank's internal control system and its compliance with all statutory requirements. The committee is also responsible for overseeing and reviewing the performance of the Bank's internal audit and compliance functions, as well as the work of the Bank's external auditors to ensure the independence and objectivity of each and the quality of the audit and compliance processes. The committee met four times in 2017.
Corporate Governance and Nomination Committee Responsible for CIB's corporate governance as well as the Board's Nomination process and succession planning	Chair: Mr. Yasser Hashem Members: All other Non-Executive Board Members	Established to advise the Board on the general oversight of governance matters to ensure the promotion of a sound governance culture within the Board and the Bank. This entails a periodic review of the Bank's corporate governance structure and recommending changes, when and if necessary, to the BoD. The committee also sits as the Nomination Committee with the primary objective of setting criteria for selecting new directors and assisting the BoD in identifying individuals qualified to become BoD members and recommending director nominees to shareholders. Also, the committee provides advice and assistance to the BoD, when necessary, with respect to a potential successor to the Bank's Chief Executive Officer. The committee met four times in 2017.
Compensation Committee Responsible for compensation of the BoD and the Bank's executive officers	Chair: Mr. Bijan Khosrowshahi Members: All other Non-Executive Board Members	Established to provide guidance to the BoD with regard to the appropriate compensation for the board directors as well as Bank's executive officers and ensure that compensation is consistent with the Bank's objectives, strategy and control environment. The committee is to ensure that clear policies for the Bank's salaries and compensation schemes are in place and that they are deemed effective to attract and retain the best calibres. The committee met four times in 2017.
Risk Committee Supervising risk management	Chair: Mr. Mark Richards Members: Mr. Jawaid Mirza, Mr. Bijan Khosrowshahi, Dr. Amani Abou-Zeid	Established to provide oversight of risk exposure management functions and to assess management compliance to the set risk strategies and policies approved by the BoD through periodic reports submitted by the Risk Management Group. The committee makes recommendations to the BoD with regard to risk management strategies and policies (including those related to capital adequacy, liquidity management, various types of risks: credit, market, operation, compliance, reputation and any other risks the Bank might be exposed to). The committee met four times in 2017.
Operations and IT Committee Assisting the BoD in overseeing Bank operations and technology strategy and operations and technology risk	Chair: Dr. Sherif Kamel Members: Mr. Jawaid Mirza, Mrs. Magda Habib	Established to provide oversight of: (a) Bank operations, its technology strategy, and significant investments in support of this strategy and (b) operations and technology risk management. The committee met five times in 2017.

Executive Committees

Committee	Members	Key Responsibilities
Management Committee Responsible executing the Bank's strategy	Chair: Mr. Hussein Abaza Members: CIB Senior Management	This committee is responsible for formulating fundamental policies and strategic goals, assess the Bank's performance and its competitive position, and ensuring proper management of the Bank's human and financial resources to maximise return of equity and preserve shareholders' value. The committee met 17 times in 2017.
High Lending and Investment Committee Responsible for asset allocation, quality and development	Chair: Mr. Hussein Abaza Members: CIB Senior Management	This committee is responsible for managing the Assets side of the Balance Sheet and its provisioning and taking decisions with regards to the assets allocation within the authorities delegated to the committee as stipulated in the Bank's Credit and Investment Policies. The committee convened weekly throughout 2017 and met 57 times.
Affiliates Committee Responsible for steering and managing CIB affiliates	Chair: Mr. Hussein Abaza Members: CIB Senior Management	The committee is responsible for steering and managing the Bank's affiliates and acting as a think-tank for setting and initiating all strategic goals related to the Bank's affiliates. The committee met five times during 2017

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 BoD
- 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**

Mr. Hisham Ezz Al-Arab

Chairman and Managing Director

Mr. Hisham Ezz Al-Arab has been chairman and managing director of CIB since 2002. He leads today a team of more than 6,500 professionals who have transformed the institution from a wholesale lender into Egypt's largest private-sector bank, leading the sector on key metrics including revenue, profitability, net worth and market share of deposits. CIB serves more than 1 million customers, from individual customers to small- and medium-sized businesses and leading corporations, among them Egypt's 500 largest companies.

The Bank's market capitalisation has grown from EGP 1 billion at the beginning of Mr. Ezz Al-Arab's term to EGP 90 billion, making its stock — a blue chip component of the Egyptian Exchange — the global investment community's preferred proxy for Egypt and a benchmark for the banking industry in emerging markets.

Core to the Bank's success is its unique culture, which balances an entrepreneurial spirit that prizes innovation with a commitment to global best practices in both corporate governance and risk management. That culture, nurtured over more than 15 years, is the Bank's natural competitive advantage and led directly to the establishment of the first-of-its kind employee stock ownership program (ESOP) in 2006, thus aligning the interest of employees to that of shareholders. In 2010, Mr. Ezz Al-Arab brought to life the CIB Foundation, which is a leading Egyptian voice for universal access to quality healthcare extended to underprivileged children. CIB was named Euromoney's Best Bank in the Middle East and Best Bank in Global Emerging Markets for 2017 and was named African Banker's 2016 Socially Responsible Bank of the Year. Mr. Ezz Al-Arab was recognised in 2016 by Euromoney for his "Outstanding Contribution to Financial Services in the Middle East" and was EMEA Finance's "Best CEO in Egypt and Africa" at the magazine's 2014 Banking Awards. Under his leadership, CIB was named the "World's Best Bank in the Emerging Markets" by Euromoney at the Global Awards for Excellence ceremony held in July 2017, thus becoming the first bank in Egypt, Africa and the Middle East to ever win this award.

Mr. Ezz Al-Arab leads the Federation of Egyptian Banks as Chairman, is a member of the Institute of International Finance's Emerging Markets Advisory Council and serves as a director of MasterCard Middle East's Regional Advisory Board. He is also the Chairman of Board of Trustees of the CIB Foundation. Mr. Ezz Al-Arab is Non-executive Director of Ripplewood Advisors MENA Holdings, a Non-executive Director of Fairfax Africa Board and a Non-executive Director of Atlas Mara.

Mr. Ezz Al-Arab joined CIB from Deutsche Bank and previously served with both JP Morgan and Merrill Lynch in postings that took him to Bahrain, New York and Cairo. He holds a BA in Commerce from Cairo University.

Mr. Hussein Abaza

Chief Executive Officer

Mr. Hussein Abaza is a careered banker with more than 30 years of experience in the financial services industry — including both commercial banking and investment banking — and is well-known in the global financial community. From October 2011 until his appointment as CEO and Board Member in March 2017, he was CEO for Institutional Banking at CIB. He has previously served as the Bank's Chief Risk Officer and Chief Operating Officer and began his journey with CIB in 1985, when CIB was known as Chase National Bank of Egypt.

Outside of CIB, Mr. Abaza worked as Head of Research at EFG Hermes Asset Management from March 1995 until October 1999.

Mr. Abaza graduated with a BA in Business Administration from The American University in Cairo in 1984, and has completed professional training in Belgium, Switzerland, London, and New York.

Mr. Mohamed Sultan

Chief Operating Officer

Mr. Mohamed Sultan is CIB's Chief Operating Officer, a role he assumed 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 the establishment of new divisions serving the expansion of the business or 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. The aim was 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 leads the Bank's strategic Transformational programs, including digital banking, with an aim of maintaining CIB's role as market leader.

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

Chief Executive Officer, Retail Banking

Mr. Ahmed Issa has been leading Retail Banking divisions at CIB since 2015 and is a member of the Bank's management committee, ALCO, and other group level management committees. His key responsibilities include the formulation and execution of the business strategies across Consumer Banking, Business Banking and the Bank's distribution networks. Prior to this, he was CIB's Group CFO, Head of Strategic Planning in addition to a successful career as a Corporate and Investment Banker at CIB and CI Capital. Mr. Issa was also Chairman of the Board at CORPLEASE and Falcon Group.

Mr. Issa chairs the Banking and Finance Committee at the American Chamber of Commerce in Egypt, chairs the Board Audit Committee at Civil Aviation Finance Holding Company, and sits on the board of Egypt's Internal Trade Development Authority.

Mr. Issa earned his MBA at UNC-Chapel Hill's Kenan-Flagler Business School in 2003 and re-joined CIB in the same year. As a Fulbright scholar, Mr. Issa attended the Program on Investment Appraisal and Management at Harvard University in 1997 and subsequently interned at Merrill Lynch in NY, US. Mr. Issa attended more than 25 executive and leadership development programs including the industry-leading CIB Credit Course in 1994.

Ms. Pakinam Essam

Chief Risk Officer

Ms. Pakinam Essam serves as CIB's Chief Risk Officer (CRO), having been appointed in January 2011. Since then, she began the Risk Transformation Process, and the CIB Risk Group evolved into a forward-looking, holistic organisation with an integrated view of risks, covering all key areas including Institutional Banking, Consumer, Business Banking, Market, Operational, Liquidity and Interest Rate Risks. The coverage 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 six 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 the Faculty of Economics and Political Science, Cairo University, and has over 25 years of experience in banking and risk management.

Mr. Amr El Ganainy

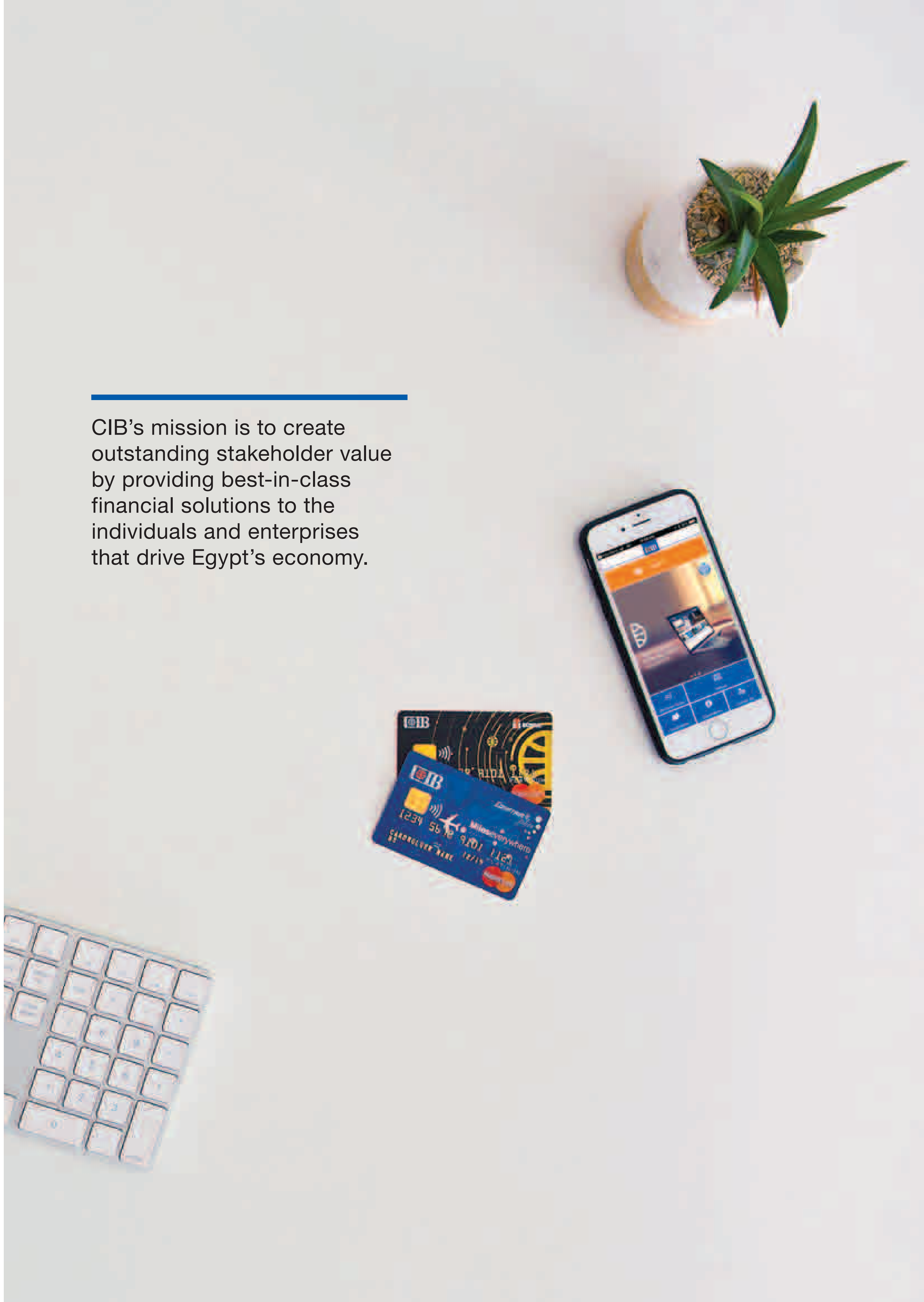
Chief Executive Officer, Institutional Banking

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, before assuming his current role as CEO IB in June 2017.

Mr. El Ganainy is the Chairman of International Securities & Services Co. (Falcon Group), a Board Member of CI Capital Holding Co., Board Member of Telecom Egypt Co., Board Member of Misr for Central Clearing, Depositary and Registry Co., Board Member of The Egyptian Holding Co. for Airports and Air Navigation, General Assembly Member of Egyptair Holding 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.

Mr. El Ganainy was the Chairman of CI Asset Management Co., Chairman of Commercial International Brokerage Co., Board Member of TE Data, Executive Board Member of ACI International (The Financial Market Association), Board Member of Royal & Sun Alliance Insurance Co. and the Chairman of Capital Securities Brokerage Co.

Prior to joining CIB, Mr. El Ganainy worked at the United Bank of Egypt as 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.



CIB's mission is to create outstanding stakeholder value by providing best-in-class financial solutions to the individuals and enterprises that drive Egypt's economy.

Sustainability
Development Department

1.8 MN
KW saved in 2017

CIB launched its Sustainability Initiative in March 2013, rooted in a long-term holistic vision of the future that strikes a sound balance between the strategic goal of increasing profitability as well as serving broader socioeconomic, environmental, and governance interests. This approach is presently widely accepted as a core principle of responsible global business ethics and excellence. That being so, CIB continues to systematically advance a Bank-wide culture and mind-set of sustainability through the integration of environmental and social considerations in its policies, core business, and day-to-day operations, within a gradual, steady, responsible, and inclusive approach. CIB has gained some very promising ground during this worthwhile journey while remaining aware that there is still more that needs to be covered.

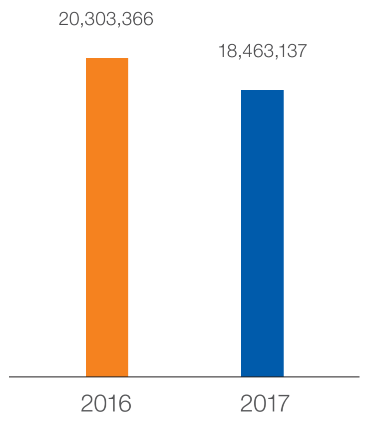
CIB's promising sustainability journey is closely aligned with the 2030 Global Sustainable Development agenda, its 17 Sustainable Development Goals (SDGs), and the 169 targets. It is also in line with Egypt's 2030 Sustainable Development Agenda, aspiring to advance a sustainable and climate-resilient future.

Ecologically Responsible

CIB, being a responsible and caring partner in the Egyptian community, took the lead in various sustainability initiatives in 2017. The year witnessed the completion of the LED lighting system Bank wide, and the results were outstanding in terms of consumption levels, with the Bank managing to reduce KWs by 1,840,229.

Despite being a large financial institution that depends on paper in its business operations, CIB succeeded in reducing its paper consumption by 4.8% i.e. 1,197,309 sheets of paper. The current paper cutback is a result of the modified applications of double-sided printing/copying, upgraded software applications of Oracle, P2P, archiving, data saving, E-Business Suite, and the digitalisation of operations.

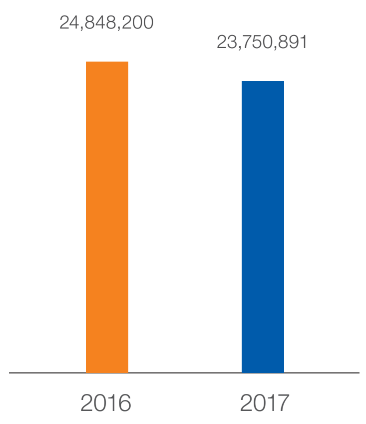
Total KWs Consumed in 87 CIB Branches



We also implemented the Paper Waste for Cash program at all major CIB premises. The initiative sees paper waste sold to paper recycling startups, and proceeds are credited to a sustainability account. Since February 2017, a net of EGP 206,500 has been collected.

Recognising the negative impact of electronic waste (e-waste) on health and the environment, together with the profitable opportunities in this field, CIB partnered with the Ministry of Environment to implement a rewarding e-waste management program in cooperation with companies certified by the ministry. CIB is contributing to capacity-building in this field and is taking this initiative mainstream.

CIB Paper Consumption



The Bank encouraged its staff members to use a tailored carpooling application named Raye7 CIB during the year. The mobile application was downloaded by most staff members and used by hundreds to share their morning and evening commutes. Alongside the

initiative's several benefits, it has a positive impact on the community and the environment and encourages young Egyptian entrepreneurs.

Sound governance is an integral part of CIB's fabric. To this end, carbon audit on all the Bank's premises is being conducted to measure CIB's impact on Egypt's environment and people. A detailed report, which will cover climate change and other issues is due by 2020 for inclusion in international reporting journals.

In May 2017, CIB succeeded in acquiring the second Green Pyramids Certificate for its Third Smart Village Building. The certificate is based on Egyptian efforts through a consortium of the Ministries of Housing and Urban Development, Energy, and Environment.

Socially Responsible

Building on the impressive social development endeavours of the CIB Foundation, the Sustainability Development Department enhanced collaboration with individuals with special needs to train CIB customer service staff on ways to best communicate and cater to these individuals. To date, 200 customer service team members have learned this particular human task. CIB also managed to develop 97 ATM machines for the visually impaired in Greater Cairo and other governorates.

Partnership/Reporting

The Bank is also developing a Sustainable Finance Product to mobilise credit facilities focusing on energy efficiency over two phases. The first phase tackles lighting efficiency and appliances and the second tackles industrial energy efficiency. The proposed fund limit for the pilot phase is USD 3 million.

CIB is also in discussions with the UNDP and Egyptian Ministry of Electricity to provide technical assistance in the form of technical feasibility studies, technical capacity building, as well as monitoring and evaluating performance of initiatives by clients. The endeavour is rooted in a case study conducted with CIB in 2016.

The Bank updated the S&E Credit Risk Procedures Manual to incorporate more coherent steps for relevant departments to follow. Procedures will be circulated to relevant departments upon completion, with a target date of December 2017.

97

ATMs equipped to serve the visually impaired

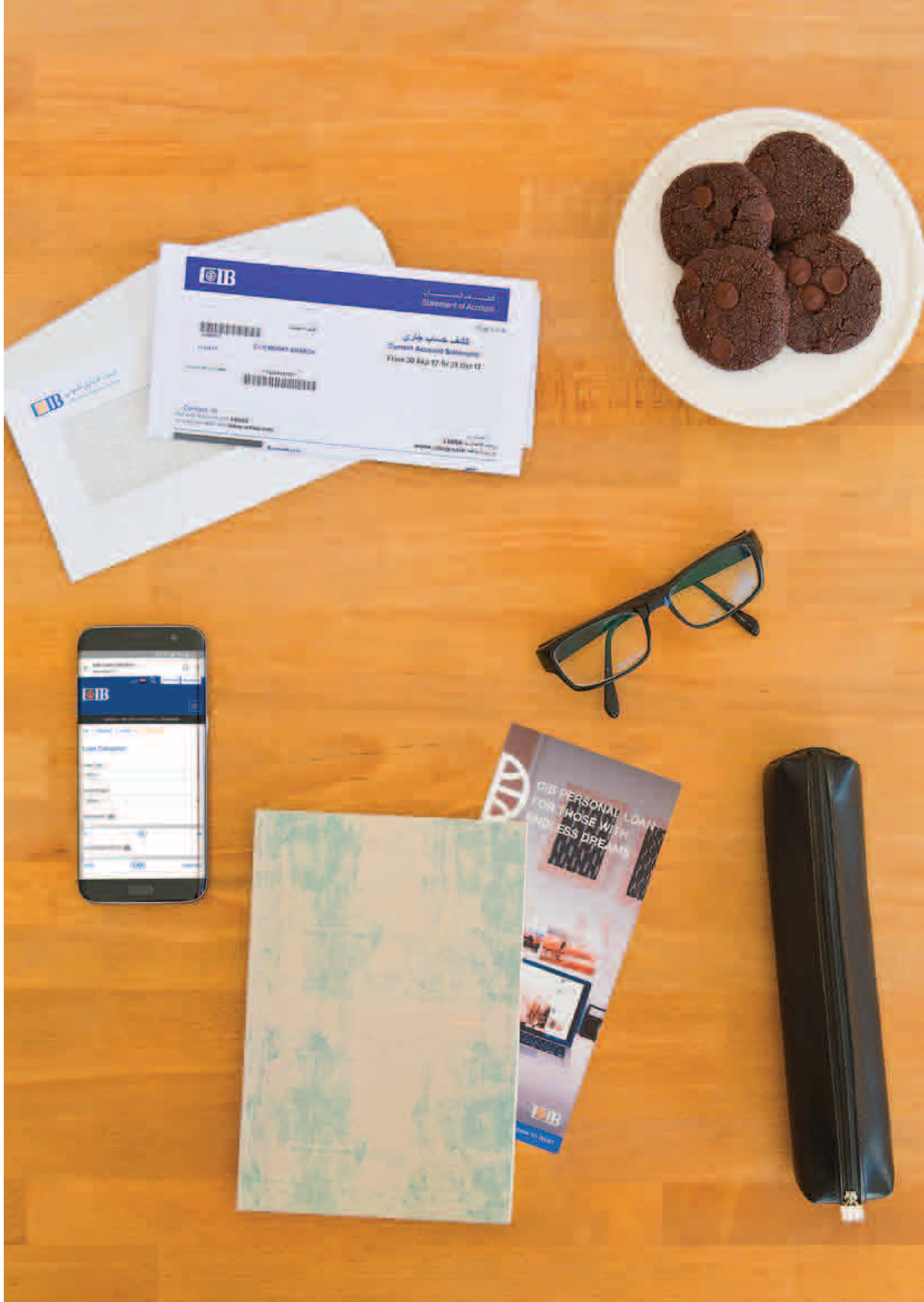
For the second consecutive year, CIB was the only bank in the MENA region to participate in the assessment exercise of the Dow Jones Sustainability Index 2017. Our score in 2017 corresponded with that of 2016, with CIB ranking in the 40th percentile among financial institutions.

For the second time in a row, CIB was recognised as a constituent in the FTSE4Good Sustainability Index sponsored by the Financial Times. Meanwhile, for the fourth successive year, CIB was ranked first in the EGX Sustainability Index.

2017 also saw the Bank publicly issue its internationally acclaimed Annual Sustainability Report, which covers all the Bank's sustainability initiatives. It follows the GRI G4 guidelines and was released on the Bank's website and social media channels.

Sustainability Advisory Board

Concentrating on long-term value drivers that advance the twin objectives of the sustained success of the Bank as well as the wellbeing and betterment of society as a whole, the activities of the Sustainability Development Department are monitored by the Sustainability Advisory Board Committee. The committee was established to oversee and approve all sustainability strategies, initiatives and projects and proposals through a phased, steady and inclusive approach. The committee is chaired by Dr. Nadia Makram Ebeid, CIB's former Non-Executive Board member, and a veteran in the field of environmental preservation and human empowerment with notable achievements throughout her career in environmental policy and advocacy.



COMMUNITY DEVELOPMENT

CIB
Foundation 2017

1.5%

of profit allocated to the CIB Foundation

CIB has been involved in a number of initiatives over the past decade to enhance the quality of health and nutrition services in Egyptian society, with special attention paid to underprivileged children, as a part of its corporate social responsibility activities. Seeing the positive impact these initiatives has had on the lives of children in Egypt, the Bank took active measures to turn away from ad hoc philanthropy and move toward more effective, sustainable initiatives, through the establishment of the CIB Foundation.

The CIB Foundation was established in 2010 as a non-profit organisation dedicated to the enhancement of health and nutrition services extended to underprivileged children, particularly those with limited access to quality health care 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 strive to improve access to health care and promote positive, life-changing community initiatives.

The Foundation's role goes beyond being merely a donor institution, but also extends to monitoring and following up on funded initiatives to ensure resources are being maximised and best results are being achieved.

Over the past years, the CIB Foundation was recognised for its work in the arena of corporate social responsibility from EMEA Finance 2014 Pan-Africa Award for Corporate Social Responsibility in 2014, Banker Africa in 2015, winning the award for "Most Socially Responsible Bank in North Africa", and African Banker in June 2016 winning the award for "Socially Responsible Bank of the Year".

Mission and Vision

At the CIB Foundation, we seek to ease the burden on families in need of affordable healthcare services. To do so, the CIB Foundation is committed to enhancing the quality of services in our partner institutions to provide the best possible care for our youngest citizens. A productive community requires a healthy citizenry, and the CIB Foundation strives to ensure that Egyptian children are receiving the care they deserve to lead the healthiest lives possible.

Through extensive processes, we work with public health partners that have the widest community reach, targeting those most in need. We work hand-in-hand with these providers to ensure that the maximum value of our support is reached and that our donations provide positive, sustainable results.

Budget and Financing

Through the generous support of CIB shareholders, 1.5% of CIB's annual net profit was allocated to the CIB Foundation in 2017. It is with this funding that the CIB Foundation supports initiatives that allow Egypt's children to embark on healthy new beginnings.

One hundred percent of the Foundation's budget, as well as all donations made to the Foundation's dedicated account, are channelled toward the implementation of child development projects. Through the coordinated efforts of the Foundation's Board of Trustees, staff, and CIB volunteers, the Foundation ensures its resources are spent efficiently to reach the greatest number of beneficiaries.

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

The Foundation's partnerships and initiatives during 2017 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 50.5 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 Magrabi Foundation and Dar El Oyoun, the caravans are designed to provide public school students with free ophthalmic exams, eyeglass, 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. Over the course of 2017, the CIB Foundation donated over EGP 20.6 million to cover the second and third tranche of the project.

EGP MN

50.5

allocated to the Gozour Foundation for Development for eye exam caravans

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

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

As part of the CIB Foundation's commitment to supporting the health sector, 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. Over the course of 2017, the CIB Foundation donated over EGP 1.3 million to cover training for the medical staff and outfitting the community health centres.

New Children's Hospital - Ain Shams University Hospital

In line with its long-term partnership with Ain Shams University Hospital, the CIB Foundation's Board of Trustees agreed in June 2017 to fund the purchase of the necessary equipment and supplies for the Inpatient Unit located on the fifth floor of the new Children's Hospital - Ain Shams University Hospital for a total of EGP 3.53 million over one year. The hospital is expected to serve around 1,290 patients per month, with roughly 15,500 children set to benefit from the service of the new hospital annually. Over the course of 2017, the CIB Foundation donated over EGP 2.9 million to cover the first two instalments for the project.

Raei Masr Hospital in Minya

In December 2016, the CIB Foundation's Board of Trustees agreed to fund the outfitting of the Neonatal Intensive Care Unit and the Paediatric Intensive Care Unit at Raei Misr Hospital in the Minya governorate for a total of EGP 6.96 million over one year. The hospital is located on the main Cairo-Assiut Agricultural Road and is expected to serve a vast number of patients from Upper Egypt including Assiut, Beni Sueif, and El Minya.

The CIB Foundation fulfilled its commitment to the project in October 2017.

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

In June 2017, the CIB Foundation's Board of Trustees approved supporting the fourth phase of the Children's Right to Sight program at a cost of EGP 2 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 2017, the CIB Foundation donated around EGP 1.8 million to cover 543 surgeries.

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 another PET CT scanner

EGP MN

1.5

partnership between the Sawiris Foundation and Star Care Foundation

similar to the one donated by CIB Foundation in 2016 at a cost of EGP 26.9 million. Having two PET-CT units will increase the efficiency and extend services provided to more patients on the waiting list as the highly specialised equipment will allow doctors to identify cancerous cells and plan for removal during operations. The CIB Foundation fulfilled its commitment to the project in July 2017. As another demonstration of the Foundation's commitment to the hospital, EGP 3.5 million was donated in January 2017 to fund patient care in both the Cairo and Tanta branches of the hospital.

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. 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 2017, the CIB Foundation donated over EGP 6.2 million to cover the outfitting costs of the research labs.

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 paediatric 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 March 2017, the CIB Foundation donated EGP 2.25 million, covering the second and final tranche of the project.

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

The Yahiya Arafa Children's Charity Foundation is a long-standing partner of the CIB Foundation. In September 2015, the CIB Foundation's Board of Trustees approved the complete funding of a paediatric 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 for only children, conduct 100 procedures a month, and reduce the waiting list by 90%.

Over the course of 2017, the CIB Foundation donated EGP 6 million to cover the project's final instalments.

Additionally, in January 2017, the CIB Foundation fulfilled its commitment to support the annual operating costs of five paediatric units at the Ain Shams University Hospital through the Yahiya Arafa Children's Charity Foundation at a cost of EGP 2 million.

Rotary Club of Giza Metropolitan – 50 Open Heart Surgeries

In March 2017, the CIB Foundation allocated EGP 1.75 million to cover the costs associated with 50 paediatric open-heart surgeries at El Kasr El Eini Hospital under the management of Rotary Club of Giza Metropolitan to drastically minimise the number of children on the open-heart surgery waiting list and change the future of 50 underprivileged children who are suffering from congenital heart diseases. In December 2017, the CIB Foundation donated over EGP 333,000 to cover 11 surgeries.

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

In line with its commitment to quality education, the CIB Foundation fulfilled its commitment to cover the tuition expenses of its 50 CIB Foundation Fellows for a five-year academic course of study at Zewail University of Science and Technology. The fellowship supported 50 public school graduates pursuing degrees in advanced sciences or engineering. Over the course of 2017, the CIB Foundation disbursed the third year (2015/2016) and the fifth year (2017-2018) tuition fees, totalling EGP 10 million.

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 a 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.

Over the course of 2017, the CIB Foundation donated over EGP 163,000 to cover the complete renovation of the premises, as well as the purchasing of essential equipment.

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 funding the annual operating costs of the CIB Foundation-funded Maxillo-Facial Center at Cairo University's Faculty of Dentistry with a total amount of EGP 45,100. 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 newborns, and facial deformities caused by cancer.

In July 2017, the CIB Foundation donated over EGP 22,500 to cover the final instalment of the operating costs.

Mobile Dental Caravan for the Faculty of Oral & Dental Medicine - Cairo University

In September 2016, the CIB Foundation's Board of Trustees approved funding the purchase of an outfitted mobile dental caravan for the Faculty of Oral & Dental Medicine at Cairo University under the management of Rotary Club of Zamalek at a total cost of EGP 640,000. In September 2017, the CIB Foundation donated EGP 480,000 to cover the final instalment 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 remote areas of the Cairo and Giza governorates.

Mersal Foundation - Cochlear Implant Surgeries

The CIB Foundation's Board of Trustees approved EGP 2.9 million in March 2017 to support cochlear implant surgeries for 100 children with hearing disabilities where certain cells are damaged in a part of the inner ear causing deafness and, as a consequence, impacts their speaking. It is a two-part surgery that involves an internal and external procedure followed by a speech therapy program.

The CIB Foundation donated over EGP 167,000 in November 2017 to cover the first instalment of the project.

Friends of Abu El Rish Children's Hospitals Organisation: Annual Operating Costs

In line with its commitment to sustainability and ongoing quality service provision, the CIB Foundation fulfilled its commitment in February 2017 to support the annual operating costs for the previously funded Intensive Care Unit (ICU) at Abou El Reesh El Mounira Children's Hospital through Friends of Abu El Rish Children's Hospitals Organisation at a cost of EGP 2 million.

National Hepatology & Tropical Medicine Research Institute

In November 2017, the CIB Foundation's Board of Trustees approved funding the treatment of 400 children infected with hepatitis C under the management of the National Hepatology & Tropical Medicine Research Institute (NHTMRI) at a cost of EGP 4.1 million over one year.

NHTMRI was established in 1932 as an institute for medical research on endemic diseases in Egypt, beginning with what was the most endemic disease at the time, schistosomiasis. NHTMRI is now the first centre for hepatitis C treatment and a referral centre for difficult cases from other centres.

Egyptian Liver Care Society

The CIB Foundation dedicated over EGP 5.5 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.

Blood Donation Campaigns: The Triple Effect

Over the course of 2017, the CIB Foundation hosted 15 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. Some 438 bags of blood were collected in 2017, potentially saving the lives of more than 1,314 people. The Foundation was honoured at the World Blood Donation Day celebration at the League of Arab States for its efforts in organising campaigns.

KidZania Cairo

Through CIB's long-term corporate sponsorship of KidZania Cairo, the CIB Foundation allocated 50 tickets to KidZania each quarter to underprivileged children. Throughout 2017, 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 spend the Kidzos (the official currency of KidZania) that 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.

Squash for Everyone

In 2017, the CIB Foundation organised multiple sports days for 11 children from the Egyptian Red Crescent, during which they practiced squash. The events signalled the launch of the second phase of "Squash for Everyone" initiative sponsored by CIB in partnership with Egyptian Squash professional Amr Shabana, with the aim of offering an equal opportunity to underprivileged children to explore and develop their athletic capabilities.

Children's Cancer Hospital 57357 - Ramadan Decoration Day

Spreading happiness is one way we can give back to the community. In May 2017, the Foundation organised a decoration day at Children's Cancer Hospital 57357 where volunteers from CIB had the opportunity to bring the Ramadan spirit to the lives of childhood cancer patients and their families.

6/6 Family Bag Packing Event

The CIB Foundation hosted a bag-packing event in CIB's Smart Village office in February 2017 where CIB colleagues were invited to bring their families to participate in the packing of roughly 5,000 health and hygiene school bags for the students targeted through the 6/6 Eye Exam Caravan program. The events were highly successful, with great turnout and roughly all participants asking for more events where they could bring their children.

Corporate Social **Responsibility**

Over the past year, CIB heavily focused on boosting its firm commitment to community development by leading initiatives in diverse Corporate Social Responsibility (CSR) projects and by funding ideas and events immersed in art, culture, and sports.

Supporting art remains the core of the Bank's CSR agenda. CIB works hard to uncover hidden art talents across Egypt to shed light on their distinctive artwork. The Bank's support of artistic endeavours through sponsorships and activities have contributed greatly to preserving Egyptian art and culture, while enriching the Bank's private Art Collection.

Supporting Students of Fine Arts Faculties: As part of its efforts to encourage Egyptian artistic talent, CIB acquired distinctive students' art pieces displayed at the exhibitions of Faculties of Fine Arts at Alexandria University and South Valley University. This annual contribution seeks to incentivise students to further develop and maintain their talent.

Art Salons: CIB sponsored the Annual Egyptian Youth Salon for the seventh consecutive year in collaboration with the Fine Arts Division at the Ministry of Culture. The sponsorship targeted trending artists under the age of 35.

Aisha Fahmy Palace: CIB proudly contributed to the renovations of Aisha Fahmy Palace after having its doors shut for over a decade. The restoration project revived the glorious former days of this antique house, currently managed by the Ministry of Culture's Fine Arts Department, which is looking to reinstate the palace as a prestigious complex for art and culture.

La Biennale di Venezia: CIB supported and sponsored Egyptian artists at the 57th edition of La Biennale Venezia, one of the world's most prestigious arts and culture institutes, which organises an annual exhibition of the same name. Established in 1895, the Biennale now hosts more than 500,000 visitors at its art exhibition.

Night of Art at the Egyptian Museum: CIB was one of the key sponsors of the Night of Art at the Egyptian Museum, the inauguration event of the Eternal Light: Something Old, Something New show — the first in a series of art shows that combines Egypt's varied heritage sites with contemporary Egyptian art. The event displayed 16 artworks by Egypt's leading modern artists, where the contrast of the past and present talents shone through in a vivid showcase of extraordinary work.

The 100% Egyptian Cotton: CIB has been extending its support to young and talented Egyptian designers who have succeeded in infiltrating the global fashion industry and integrating authentic Egyptian designs into their lines. As such, CIB was the main sponsor of Egypt's '100% Egyptian Cotton' exhibition featuring the country's best emerging designers in the International Fashion Showcase (IFS) 2017. Egypt was the only Arab country represented at IFS, and '100% Egyptian Cotton' was the most-visited exhibit at the event with over 10,000 visitors.

Maintaining a sustainable, profound impact on the lives of people in our community, the Bank has been conducting several activities and projects supporting community development.

KidZania: Through an ongoing partnership that began in 2013, the Bank successfully organised six trips to KidZania in 2017 for more than 150 underprivileged children and those with special needs and health conditions. Under the auspices of the CIB Foundation, the trips offered children a fun and entertaining setting in which to learn to perform different banking operations such as issuing cheques and debit cards and depositing and withdrawing money using KidZania's official currency, Kidzos.

Autism: CIB has consistently dedicated a significant portion of its activities to children, and specifically children with autism and other disabilities. The aid is targeted both at supporting their integration into society and to raise awareness around autism and other disorders on the spectrum. The Bank not only maintained its sponsorship of the annual ceremony held by the ADVANCE Society for Persons with Autism and Other Disabilities, but also sponsored 2017 World Autism Awareness Day in Egypt. As a form of support, our Smart Village headquarters and a few branches were lit in blue in solidarity with those who live with autism and related disorders.

Zawya: Through our partnership with Zawya, an art-house cinema founded by Misr International Films, the Bank sponsored the screening of two movies with live audio description for more than 150 visually impaired children.

El Sawy Culture Wheel: Capitalising on a years-long partnership, in 2017 CIB began diversifying its contribution to El Sawy Culture Wheel, which span art, culture, music, and social awareness. In 2017, CIB spring boarded off 2016's successful awareness campaign entitled "Financial Planning for a Safer Future" and launched similar free seminars under a different theme of creating a CV and preparing for interviews. 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: For the second year, CIB was the main partner and financial sponsor of Beena, a protocol signed between the Bank and the Ministry of Social Solidarity to encourage active youth participation in the community and monitor the development of social care services. This initiative was successful in attracting thousands of volunteers around Egypt, who assisted in orphanages, elderly homes, and special-needs houses.

Sponsoring the Egyptian Squash Federation: In line with the Bank's belief that sports are a key factor in shaping the health and minds of Egyptian youth, CIB maintained its sponsorship of the Egyptian Squash Federation for the sixth year running. In 2017, the Bank expanded its contribution by reaching out to less fortunate children through the launch of the second phase of the Squash for Everyone initiative in partnership with the Egyptian Squash National Teams Director and Technical Advisor Amr Shabana. The Bank continued to support the Federation through sponsoring the Egyptian national squash team in the World Team Championship, where they won first place for four consecutive times. The Bank is proud to be a key supporter of the team and the federation; the players have been able to maintain Egypt's winning stance and strengthen its position as top player internationally for a strike of years.

Collaborating with Omar Samra: As part of an innovative initiative for developing the scientific talents of Egyptian youth, CIB sponsored the "Your Space" project, launched by famed Egyptian adventurer Omar Samra. The project aims to encourage school and university students to explore space sciences, enrich their knowledge, and develop their scientific competencies. It also grants Egyptian youth the opportunity to broaden their horizons and inspire them to discover the field of space sciences so as to consider it as a career choice. The project offers incentive to educational institutions to develop engineering, sciences, technology, and mathematics curriculums that lay the foundations for the future development of top-notch calibres.

FINANCIAL **STATEMENTS**

Deloitte – Saleh, Barsoum & Abdel Aziz
Accountants & Auditors

KPMG Hazem Hassan
Public accountants & consultants

AUDITORS' REPORT

To the Shareholders of Commercial International Bank – Egypt

Report on the separate financial statements

We have audited the accompanying separate financial statements of Commercial International Bank (Egypt) S.A.E, which comprise the separate statement of financial position as at 31 December 2017 , 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

Deloitte – Saleh, Barsoum & Abdel Aziz
Accountants & Auditors

KPMG Hazem Hassan
Public accountants & consultants

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, 2017 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, 2017 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 Bo

Hassan Basyoni El Besha
Egyptian Financial Supervisory Authority
Register Number "98"
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, 2018

Commercial International Bank (Egypt) S.A.E

Separate balance sheet as at December 31,2017

	Notes	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Assets			
Cash and balances with central bank	15	14,663,289	10,522,040
Due from banks	16	45,319,766	58,011,034
Treasury bills and other governmental notes	17	54,478,202	39,177,184
Trading financial assets	18	7,295,197	2,445,134
Loans and advances to banks, net	19	1,313	159,651
Loans and advances to customers, net	20	88,427,103	85,991,914
Derivative financial instruments	21	40,001	269,269
Financial investments			
- Available for sale	22	30,474,781	5,447,291
- Held to maturity	22	45,167,722	53,924,936
Investments in associates and subsidiaries	23	54,068	10,500
Non current assets held for sale	42	-	428,011
Other assets	24	6,886,807	5,446,025
Intangible assets	41	368,923	499,131
Deferred tax assets (Liabilities)	32	179,630	181,308
Property, plant and equipment	25	1,414,519	1,338,629
Total assets		**294,771,321**	**263,852,057**
Liabilities and equity			
Liabilities			
Due to banks	26	1,877,918	3,008,996
Due to customers	27	250,767,370	231,965,312
Derivative financial instruments	21	196,984	331,091
Current tax liabilities		2,778,973	2,017,034
Other liabilities	29	5,476,531	3,579,330
Long term loans	28	3,674,736	160,243
Other provisions	30	1,615,159	1,514,057
Total liabilities		**266,387,671**	**242,576,063**
Equity			
Issued and paid up capital	31	11,618,011	11,538,660
Reserves	34	8,725,966	3,443,319
Reserve for employee stock ownership plan (ESOP)		489,334	343,460
Total equity		**20,833,311**	**15,325,439**
Net profit for the year		7,550,339	5,950,555
Total equity and net profit for the year		**28,383,650**	**21,275,994**
Total liabilities and equity		**294,771,321**	**263,852,057**

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 31,2017

	Notes	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Interest and similar income		28,671,170	19,144,218
Interest and similar expense		(16,167,155)	(9,126,512)
Net interest income	**6**	**12,504,015**	**10,017,706**
Fee and commission income		2,676,944	1,965,529
Fee and commission expense		(624,278)	(417,573)
Net fee and commission income	7	**2,052,666**	**1,547,956**
Dividend income	8	34,514	34,236
Net trading income	9	1,292,215	1,315,182
Profits (Losses) on financial investments	22	496,045	32,121
Administrative expenses	10	(3,112,508)	(2,432,652)
Other operating (expenses) income	11	(1,063,468)	(1,237,187)
Goodwill impairment		-	(209,842)
Intangible assets amortization	41	(130,208)	(130,208)
Impairment charge for credit losses	12	(1,742,281)	(892,874)
Profit before income tax		**10,330,990**	**8,044,438**
Income tax expense	13	(2,778,973)	(2,017,034)
Deferred tax assets (Liabilities)	32 & 13	(1,678)	(76,849)
Net profit for the year		**7,550,339**	**5,950,555**
Earning per share	**14**		
Basic		5.76	4.54
Diluted		5.67	4.47

Hisham Ezz Al-Arab
Chairman and Managing Director

Commercial International Bank (Egypt) S.A.E

Separate cash flow for the year ended December 31,2017

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Cash flow from operating activities		
Profit before income tax	10,330,990	8,044,438
Adjustments to reconcile net profit to net cash provided by operating activities		
Fixed assets depreciation	351,005	285,381
Impairment charge for credit losses	1,742,281	892,874
Other provisions charges	212,622	150,847
Trading financial investments revaluation differences	(248,072)	(269,283)
Available for sale and held to maturity investments exchange revaluation differences	100,078	(2,219,961)
Goodwill impairment	-	209,842
Intangible assets amortization	130,208	130,208
Financial investments impairment charge	(83,079)	82,428
Utilization of other provisions	(25,463)	(3,696)
Other provisions no longer used	(97,897)	(78,405)
Exchange differences of other provisions	11,840	583,550
Profits from selling property, plant and equipment	(607)	(1,682)
Profits from selling financial investments	99,047	(35,193)
Profits (losses) from selling associates	-	32,793
Shares based payments	290,884	187,000
Impairment (Released) charges of non current assets held for sale	(340,504)	(131,799)
Operating profits before changes in operating assets and liabilities	**12,473,333**	**7,859,342**
Net decrease (increase) in assets and liabilities		
Due from banks	(2,594,442)	264,072
Treasury bills and other governmental notes	(16,466,420)	(16,057,258)
Trading financial assets	(4,601,991)	3,672,526
Derivative financial instruments	95,161	(2,918)
Loans and advances to banks and customers	(4,019,132)	(29,833,291)
Other assets	(1,121,981)	(599,879)
Non current assets held for sale	428,011	-
Due to banks	(1,131,078)	1,408,227
Due to customers	18,802,058	76,595,390
Income tax obligations paid	(2,017,034)	(1,949,694)
Other liabilities	1,897,201	957,061
Net cash provided from operating activities	**1,743,686**	**42,313,578**
Cash flow from investing activities		
Proceeds from redemption of subsidiary and associates	750	-
Payment (proceeds) for purchases and sell of subsidiary and associates	(44,318)	176,161
Payment for purchases of property, plant, equipment and branches constructions	(745,089)	(560,631)
Proceeds from redemption of held to maturity financial investments	13,354,468	4,094
Payment for purchases of held to maturity financial investments	(4,597,254)	(1,243,669)
Payment for purchases of available for sale financial investments	(25,868,230)	(3,334,122)
Proceeds from selling available for sale financial investments	973,963	2,946,710
Proceeds from selling non current assets held for sale	628,521	-
Net cash used in investing activities	**(16,297,189)**	**(2,011,457)**

Commercial International Bank (Egypt) S.A.E

Separate cash flow for the year ended December 31,2017 (Cont.)

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Cash flow from financing activities		
Increase (decrease) in long term loans	3,514,493	28,915
Dividend paid	(1,350,204)	(1,463,450)
Capital increase	79,351	68,057
Net cash used in financing activities	**2,243,640**	**(1,366,478)**
Net increase (decrease) in cash and cash equivalent during the year	(12,309,863)	38,935,643
Beginning balance of cash and cash equivalent	61,518,700	22,583,057
Cash and cash equivalent at the end of the year	**49,208,837**	**61,518,700**
Cash and cash equivalent comprise:		
Cash and balances with central bank	14,663,289	10,522,040
Due from banks	45,319,766	58,011,034
Treasury bills and other governmental notes	54,478,202	39,177,184
Obligatory reserve balance with CBE	(8,878,986)	(5,438,235)
Due from banks with maturities more than three months	(1,719,586)	(2,565,895)
Treasury bills with maturity more than three months	(54,653,848)	(38,187,428)
Total cash and cash equivalent	**49,208,837**	**61,518,700**

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	Banking risks reserve	IFRS 9 risk reserve	Net profit for the year	Reserve for employee stock ownership	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

Commercial International Bank (Egypt) S.A.E

Separate statement of changes in shareholders' equity for the year ended December 31, 2017

Dec. 31, 2017	Issued and paid up capital	Legal reserve	General reserve	Special reserve	Reserve For A.F.S investments revaluation	Banking risks reserve	IFRS 9 risk reserve	Net profit for the year	Reserve for employee stock ownership plan	Total EGP Thousands
Beginning balance	11,538,660	1,035,363	4,554,403	30,778	(2,180,244)	3,019		5,950,555	343,460	21,275,994
Capital increase	79,351	-	-	-	-	-		-	-	79,351
Transferred to reserves	-	297,444	4,445,620	1,682	-	-		(4,599,736)	(145,010)	-
Dividend paid	-	-	-	-	-	-		(1,350,204)	-	(1,350,204)
Net profit for the year	-	-	-	-	-	-		7,550,339	-	7,550,339
Net unrealised gain/(loss) on AFS	-	-	-	-	537,286	-		-	-	537,286
Transferred (from) to bank risk reserve	-	-	-	-	-	615		(615)	-	-
IFRS 9 risk reserve	-	-	-	-	-	-	1,411,549	(1,411,549)	-	-
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-		-	290,884	290,884
Balance at the end of the year	**11,618,011**	**1,332,807**	**9,000,023**	**32,460**	**(1,642,958)**	**3,634**	**1,411,549**	**6,138,790**	**489,334**	**28,383,650**

Notes to the separate financial statements for the year ended December 31, 2017

1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 174 branches, and 22 units employing 6551 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, 2017 to get complete information on the Bank's financial position, results of operations, cash flows and changes in ownership rights.

2.2. Subsidiaries and associates

2.2.1. Subsidiaries

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

2.2.2. Associates

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

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

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

2.3. Segment reporting

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

2.4. Foreign currency translation

2.4.1. Functional and presentation currency

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

2.4.2. Transactions and balances in foreign currencies

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

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

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

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

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

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

2.5. Financial assets

The Bank classifies its financial assets in the following categories:

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

Management determines the classification of its investments at initial recognition.

2.5.1. Financial assets at fair value through profit or loss
This category has two sub-categories:

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

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

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

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

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

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

- Those that the Bank intends to sell immediately or in the short term, which is classified as held for trading, or those that the Bank upon initial recognition designates as at fair value through profit and loss.

- Those that the Bank upon initial recognition designates and available for sale; or
- Those for which the holder may not recover substantially all of its initial investment, other than credit deterioration.

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

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

The following are applied in respect to all financial assets:

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

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

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

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

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

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

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

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

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

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

Agreements of repos & reverse repos are shown by the net in the financial statement in treasury bills and other governmental notes.

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

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

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

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

At the inception of the hedging relationship, the Bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge, and on ongoing basis, the Bank documents whether the hedging instrument is expected to be highly effective in offsetting changes in fair values of the hedged item attributable to the hedged risk.

2.7.1. Fair value hedge

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

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

2.7.2. Derivatives that do not qualify for hedge accounting

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

2.8 Interest income and expense

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

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

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

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

2.9. Fee and commission income

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

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

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

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

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

2.10. Dividend income

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

2.11. Sale and repurchase agreements

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

2.12. Impairment of financial assets

2.12.1Financial 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, 2017		December 31, 2016	
Bank's rating	**Loans and advances (%)**	**Impairment provision (%)**	**Loans and advances (%)**	**Impairment provision (%)**
1-Performing loans	69.53	11.61	68.52	13.78
2-Regular watching	15.53	21.51	18.29	19.53
3-Watch list	7.99	23.70	6.49	16.81
4-Non-Performing loans	6.95	43.18	6.70	49.88

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, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Treasury bills and other governmental notes	54,653,848	39,216,387
Trading financial assets:		
- Debt instruments	6,728,843	1,933,420
Gross loans and advances to banks	1,383	161,451
Less:Impairment provision	(70)	(1,800)
Gross loans and advances to customers		
Individual:		
- Overdraft	1,780,416	1,901,875
- Credit cards	2,899,930	2,423,125
- Personal loans	13,910,837	10,745,352
- Mortgages	416,616	306,930
- Other loans	-	20,838
Corporate:		
- Overdraft	12,450,826	13,220,464
- Direct loans	44,200,770	44,503,511
- Syndicated loans	26,627,825	24,840,803
- Other loans	112,802	110,382
Unamortized bills discount	(12,476)	(5,533)
Impairment provision	(10,994,446)	(9,818,007)
Unearned interest	(2,965,997)	(2,257,826)
Derivative financial instruments	40,001	269,269
Financial investments:		
-Debt instruments	74,767,989	58,601,911
- Investments in associates and subsidiaries	54,068	10,500
Total	**224,673,165**	**186,183,052**
Off balance sheet items exposed to credit risk		
Financial guarantees	3,605,001	2,832,705
Customers acceptances	1,017,690	650,607
Letters of credit (import and export)	1,700,516	2,382,849
Letter of guarantee	69,514,413	65,575,370
Total	**75,837,620**	**71,441,531**

The above table represents the Bank's Maximum exposure to credit risk on December 31, 2017, 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, 39.38% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represent 36.27%.

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:

- 85.06% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- 93.05% of loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed individualy are valued EGP 7,120,106 thousand.
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on December 31, 2017.
- 96.80% 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, 2017 EGP Thousands		Dec.31, 2016 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	89,395,036	1,383	86,354,393	161,451
Past due but not impaired	5,884,880	-	5,133,220	-
Individually impaired	7,120,106	-	6,585,667	-
Gross	**102,400,022**	**1,383**	**98,073,280**	**161,451**
Less:				
Impairment provision	10,994,446	70	9,818,007	1,800
Unamortized bills discount	12,476	-	5,533	-
Unearned interest	2,965,997	-	2,257,826	-
Net	**88,427,103**	**1,313**	**85,991,914**	**159,651**

Impairment provision losses for loans and advances reached EGP 10,994,516 thousand.

During the year, the Bank's total loans and advances increased by 4.24%.

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, 2017	Individual				Corporate					EGP Thousands
Grades:	**Overdrafts**	**Credit cards**	**Personal loans**	**Mortgages**	**Overdraft**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total loans and advances to customers**	**Total loans and advances to banks**
Performing loans	1,648,245	2,781,232	13,101,740	405,931	8,828,336	22,580,167	20,475,961	94,665	**69,916,277**	-
Regular watching	76,768	56,114	123,173	-	800,290	9,619,251	2,848,444	15,190	**13,539,230**	**1,313**
Watch list	12,976	22,537	18,120	-	463,257	3,918,513	1,141,383	-	**5,576,786**	-
Non-performing loans	39,130	14,380	440,808	1,189	651,816	975,149	250,811	-	**2,373,283**	-
Total	**1,777,119**	**2,874,263**	**13,683,841**	**407,120**	**10,743,699**	**37,093,080**	**24,716,599**	**109,855**	**91,405,576**	**1,313**

Dec. 31, 2016	Individual				Corporate					EGP Thousands
Grades:	**Overdrafts**	**Credit cards**	**Personal loans**	**Mortgages**	**Overdraft**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total loans and advances to customers**	**Total loans and advances to banks**
Performing loans	1,784,301	2,312,458	10,137,283	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**

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 Thousand

Dec.31, 2017	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Past due up to 30 days	530,593	395,709	33,155	580	**960,037**	445,730	3,634,181	3,071	4,082,982
Past due 30 - 60 days	77,071	59,927	19,547	199	**156,744**	30,531	58,688	-	89,219
Past due 60-90 days	13,038	27,020	10,520	69	**50,647**	427,811	117,440	-	545,251
Total	**620,702**	**482,656**	**63,222**	**848**	**1,167,428**	**904,072**	**3,810,309**	**3,071**	**4,717,452**

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**

Individually impaired loans

Loans and advances individually assessed without taking into consideration cash flows from guarantees are totaled EGP 7,120,106 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, 2017	Individual					Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Total
Individually impaired loans	**40,792**	**24,067**	**621,211**	**3,960**	-	**1,726,440**	**3,445,855**	**1,257,781**	**7,120,106**

EGP Thousand

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**

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 period:

	Dec.31, 2017	Dec.31, 2016
Loans and advances to customer		
Corporate		
- Direct loans	8,577,197	7,771,415
Total	**8,577,197**	**7,771,415**

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, 2017	Treasury bills and other gov. notes	Trading financial debt instruments	Non-trading financial debt instruments	Total
AAA	-	-	-	-
AA- to AA+	-	-	431,011	**431,011**
A- to A+	-	-	1,724,358	**1,724,358**
Lower than A-	-	1,721,360	4,457,964	**6,179,324**
Unrated	54,478,202	5,007,483	68,154,656	**127,640,341**
Total	**54,478,202**	**6,728,843**	**74,767,989**	**135,975,034**

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 year.

The Bank has allocated exposures to regions based on the country of domicile of its counterparties.

EGP Thousands

Dec.31, 2017	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Treasury bills and other governmental notes	54,653,848	-	-	**54,653,848**
Trading financial assets:				
- Debt instruments	6,728,843	-	-	**6,728,843**
Gross loans and advances to banks	1,383	-	-	**1,383**
Less:Impairment provision	(70)	-	-	**(70)**
Gross loans and advances to customers				
Individual:				
- Overdrafts	956,756	621,743	201,917	**1,780,416**
- Credit cards	2,329,790	488,529	81,611	**2,899,930**
- Personal loans	8,632,679	4,437,647	840,511	**13,910,837**
- Mortgages	342,764	66,414	7,438	**416,616**
Corporate:				
- Overdrafts	10,228,588	1,731,524	490,714	**12,450,826**
- Direct loans	29,818,885	11,262,255	3,119,630	**44,200,770**
- Syndicated loans	23,487,639	2,831,056	309,130	**26,627,825**
- Other loans	87,088	25,714	-	**112,802**
Unamortized bills discount	(12,476)	-	-	**(12,476)**
Impairment provision	(10,994,446)	-	-	**(10,994,446)**
Unearned interest	(2,362,942)	(495,481)	(107,574)	**(2,965,997)**
Derivative financial instruments	40,001	-	-	**40,001**
Financial investments:				
-Debt instruments	74,767,989	-	-	**74,767,989**
- Investments in associates and subsidiaries	54,068	-	-	**54,068**
Total	**198,760,387**	20,969,401	**4,943,377**	**224,673,165**

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, 2017	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Treasury bills and other governmental notes	-	-	-	-	54,653,848	-	-	**54,653,848**
Trading financial assets:		-						
- Debt instruments	-	-	-	-	6,728,843	-	-	**6,728,843**
Gross loans and advances to banks	1,383	-	-	-	-	-	-	**1,383**
Less:Impairment provision	(70)	-	-	-	-	-	-	**(70)**
Gross loans and advances to customers								
Individual:								
- Overdrafts	-	-	-	-	-	-	1,780,416	**1,780,416**
- Credit cards	-	-	-	-	-	-	2,899,930	**2,899,930**
- Personal loans	-	-	-	-	-	-	13,910,837	**13,910,837**
- Mortgages	-	-	-	-	-	-	416,616	**416,616**
Corporate:								
- Overdrafts	391,918	5,845,706	817,441	521,605	616,248	4,257,908	-	**12,450,826**
- Direct loans	1,067,591	20,149,100	543,867	574,934	3,047,151	18,818,127	-	**44,200,770**
- Syndicated loans	112,801	11,536,893	784,161	-	12,633,579	1,560,391	-	**26,627,825**
- Other loans	-	111,202	-	-	-	1,600	-	**112,802**
Unamortized bills discount	(12,476)	-	-	-	-	-	-	**(12,476)**
Impairment provision	(35,702)	(4,119,526)	(21,606)	(152,558)	(38,857)	(6,360,741)	(265,456)	**(10,994,446)**
Unearned interest	(989)	(922,660)	-	(22,077)	-	(2,020,271)	-	**(2,965,997)**
Derivative financial instruments	40,001	-	-	-	-	-	-	**40,001**
Financial investments:								
-Debt instruments	2,155,369	-	-	-	72,612,620	-	-	**74,767,989**
- Investments in associates and subsidiaries	54,068	-	-	-	-	-	-	**54,068**
Total	**3,773,894**	**32,600,715**	**2,123,863**	**921,904**	**150,253,432**	**16,257,014**	**18,742,343**	**224,673,165**

3.2. Market risk

Market risk represnts 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 a sumptions 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 Stadardized 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, 2017			Dec. 31, 2016		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	13,647	82,695	275	31,561	300,218	276
Interest rate risk	**588,938**	**815,249**	**363,366**	**365,258**	**1,028,396**	**112,744**
- For non trading purposes	553,426	739,977	351,674	340,853	973,882	102,443
- For trading purposes	35,512	75,272	11,692	24,405	54,514	10,301
Portfolio managed by others risk	7,280	10,454	4,854	4,775	10,341	2,682
Investment fund	370	692	215	392	643	264
Total VaR	**591,508**	**826,941**	**364,408**	**381,247**	**1,193,075**	**113,480**

Trading portfolio VaR by risk type

EGP Thousands

	Dec. 31, 2017			Dec. 31, 2016		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	13,647	82,695	275	31,561	300,218	276
Interest rate risk	**35,512**	**75,272**	**11,692**	**24,405**	**54,514**	**10,301**
- For trading purposes	35,512	75,272	11,692	24,405	54,514	10,301
Funds managed by others risk	7,280	10,454	4,854	4,775	10,341	2,682
Investment fund	370	692	215	392	643	264
Total VaR	**46,039**	**113,250**	**13,804**	**51,651**	**335,888**	**11,285**

Non trading portfolio VaR by risk type

EGP Thousands

	Dec. 31, 2017			Dec. 31, 2016		
	Medium	High	Low	Medium	High	Low
Interest rate risk						
- For non trading purposes	553,426	739,977	351,674	340,853	973,882	102,443
Total VaR	**553,426**	**739,977**	**351,674**	**340,853**	**973,882**	**102,443**

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, 2017	EGP	USD	EUR	GBP	Other	Total
Financial assets						
Cash and balances with central bank	10,910,051	2,419,832	849,425	71,041	412,940	**14,663,289**
Due from banks	4,465,131	31,854,175	7,996,060	875,492	128,908	**45,319,766**
Treasury bills and other governmental notes	45,189,229	12,145,247	1,382,300	-	-	**58,716,776**
Trading financial assets	5,573,837	1,721,360	-	-	-	**7,295,197**
Gross loans and advances to banks	-	1,383	-	-	-	**1,383**
Gross loans and advances to customers	53,565,401	46,899,704	1,893,051	41,866	-	**102,400,022**
Derivative financial instruments	39,714	287	-	-	-	**40,001**
Financial investments						
- Available for sale	24,667,305	5,807,476	-	-	-	**30,474,781**
- Held to maturity	45,167,722	-	-	-	-	**45,167,722**
Investments in associates and subsidiaries	54,068	-	-	-	-	**54,068**
Total financial assets	**189,632,458**	**100,849,464**	**12,120,836**	**988,399**	**541,848**	**304,133,005**
Financial liabilities						
Due to banks	534,701	1,212,410	45,974	26,079	58,754	**1,877,918**
Due to customers	152,712,537	85,817,271	10,952,101	935,525	349,936	**250,767,370**
Derivative financial instruments	55,547	141,437	-	-	-	**196,984**
Long term loans	129,196	3,545,540	-	-	-	**3,674,736**
Total financial liabilities	**153,431,981**	**90,716,658**	**10,998,075**	**961,604**	**408,690**	**256,517,008**
Net on-balance sheet financial position	**36,200,477**	**10,132,806**	**1,122,761**	**26,795**	**133,158**	**47,615,997**

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, 2017	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	-	-	-	-	-	14,663,289	**14,663,289**
Due from banks	32,633,606	12,038,721	647,439	-	-	-	**45,319,766**
Treasury bills and other governmental notes*	3,395,960	6,823,666	48,497,150	-	-	-	**58,716,776**
Trading financial assets	99,586	-	904	3,807,571	2,920,368	466,768	**7,295,197**
Gross loans and advances to banks	1,383	-	-	-	-	-	**1,383**
Gross loans and advances to customers	65,216,595	11,787,421	14,459,839	8,594,614	2,341,553	-	**102,400,022**
Derivatives financial instruments (including IRS notional amount)	967,641	494,350	7,628,334	3,112,098	-	287	**12,202,710**
Financial investments							
- Available for sale	1,602,509	-	195,543	15,888,478	12,119,880	668,371	**30,474,781**
- Held to maturity	32,499	2,955,001	9,089,021	25,263,827	7,827,374	-	**45,167,722**
Investments in associates and subsidiaries	-	-	-	-	-	54,068	**54,068**
Total financial assets	**103,949,779**	**34,099,159**	**80,518,230**	**56,666,588**	**25,209,175**	**15,852,783**	**316,295,714**
Financial liabilities							
Due to banks	1,137,760	-	-	-	-	740,158	**1,877,918**
Due to customers	106,568,106	18,578,123	31,298,719	50,294,632	710,069	43,317,721	**250,767,370**
Derivatives financial instruments (including IRS notional amount)	5,866,665	5,684,039	11,627	655,925	-	141,437	**12,359,693**
Long term loans	36,393	3,552,283	82,631	3,429	-	-	**3,674,736**
Total financial liabilities	**113,608,924**	**27,814,445**	**31,392,977**	**50,953,986**	**710,069**	**44,199,316**	**268,679,717**
Total interest re-pricing gap	**(9,659,145)**	**6,284,714**	**49,125,253**	**5,712,602**	**24,499,106**	**(28,346,533)**	**47,615,997**

** 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 commiments.

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, 2017	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	1,877,918	-	-	-	-	**1,877,918**
Due to customers	31,348,143	21,728,194	71,335,328	109,570,301	16,785,404	**250,767,370**
Long term loans	36,393	6,743	82,631	3,429	3,545,540	**3,674,736**
Total liabilities (contractual and non contractual maturity dates)	**33,262,454**	**21,734,937**	**71,417,959**	**109,573,730**	**20,330,944**	**256,320,024**
Total financial assets (contractual and non contractual maturity dates)	**57,644,515**	**33,970,656**	**79,938,643**	**96,174,026**	**36,636,599**	**304,364,439**

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**

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, 2017	Up to 1 month	One to three months	Three months to one year	One year to five years	Total
Liabilities					
Derivatives financial instruments					
- Foreign exchange derivatives	28,136	15,784	11,627	-	**55,547**
- Interest rate derivatives	100	165	38,577	102,595	**141,437**
Total	**28,236**	**15,949**	**50,204**	**102,595**	**196,984**

Off balance sheet items

Dec. 31, 2017	Up to 1 year	1-5 years	Over 5 years	Total
Letters of credit, guarantees and other commitments	47,214,887	18,219,180	6,798,552	**72,232,619**
Total	**47,214,887**	**18,219,180**	**6,798,552**	**72,232,619**

	Up to 1 year	1-5 years	Total
Credit facilities commitments	1,295,563	5,728,813	7,024,376
Total	**1,295,563**	**5,728,813**	**7,024,376**

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, 2017	**Dec.31, 2016**	**Dec.31, 2017**	**Dec.31, 2016**
Financial assets				
Due from banks	45,319,766	58,011,034	44,782,984	56,270,958
Gross loans and advances to banks	1,383	161,451	1,383	161,451
Gross loans and advances to customers	102,400,022	98,073,280	96,397,613	99,578,137
Financial investments				
Held to Maturity	45,167,722	53,924,936	45,595,034	51,541,583
Total financial assets	**192,888,893**	**210,170,701**	**186,777,014**	**207,552,129**
Financial liabilities				
Due to banks	1,877,918	3,008,996	1,813,466	2,924,416
Due to customers	250,767,370	231,965,312	245,616,661	234,065,309
Long term loans	3,674,736	160,243	3,674,736	160,243
Total financial liabilities	**256,320,024**	**235,134,551**	**251,104,863**	**237,149,968**

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 forshareholders 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 monthly 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 11.25%, calculated as the ratio between total value of the capital elements, and the risk-weighted assets and contingent liabilities of the Bank (credit risk, market risk and opertional risk). While taking into consideration the conservation buffer.

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, interim profits and deducting previously recognized goodwill and any retained losses

Tier two:

Tier two represents the gone concern capital which is compposed 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 tier1.

Assets risk weight scale ranging from zero to 100% is based on the counterparty risk to reflect the related credit risk scheme, taking into considration the cash collatrals. Similar criteria are used for off balance sheet items after 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, 2017	Dec.31, 2016
	EGP Thousands	EGP Thousands
Tier 1 capital		Restated**
Share capital (net of the treasury shares)	11,618,011	11,538,660
Goodwill	-	(22,981)
Reserves	10,543,783	10,542,939
Retained Earnings (Losses)	89,873	90,025
Total deductions from tier 1 capital common equity	(2,450,136)	(2,793,404)
Net profit for the period	7,515,555	-
Total qualifying tier 1 capital	**27,317,086**	**19,355,239**
Tier 2 capital		
45% of special reserve	49	49
45% of foreign currencies translation differences	-	3,865
Subordinated Loans	3,545,540	-
Impairment provision for loans and regular contingent liabilities	1,679,656	1,606,644
Total qualifying tier 2 capital	**5,225,245**	**1,610,558**
Total capital 1+2	**32,542,331**	**20,965,797**
Risk weighted assets and contingent liabilities		
Total credit risk	141,154,879	128,698,992
Total market risk	9,241,563	6,701,579
Total operational risk	18,222,831	14,696,762
Total	168,619,273	150,097,333
***Capital adequacy ratio (%)**	**19.30%**	**13.97%**

**Based on consolidated financial statement figures and in accordance with Centeral Bank of Egypt regulation issued on 24 December 2012.*
***After 2016 profit distribution.*

2. Leverage ratio

	Dec.31, 2017	Dec.31, 2016
	EGP Thousands	EGP Thousands
		Restated**
Total qualifying tier 1 capital	**27,317,086**	**19,355,239**
On-balance sheet items & derivatives	300,593,997	271,962,373
Off-balance sheet items	44,965,272	41,080,543
Total exposures	**345,559,269**	**313,042,916**
***Percentage**	**7.91%**	**6.18%**

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

***After 2016 profit distribution.*

For December 2017 NSFR ratio record 195.33% (LCY 232.44% and FCY 152.27%), and LCR ratio record 1018.68% (LCY 626.59% and FCY 377.14%).

For December 2016 NSFR ratio record 183.3% (LCY 234.4% and FCY 140.0%), and LCR ratio record 1116.8% (LCY 1769.8% and FCY 434.8%) .

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, 2017	Corporate banking	SME's	Investment banking	Retail banking	Asset Liability Mangement	Total
Revenue according to business segment	5,691,435	2,342,539	2,955,690	4,841,757	639,646	**16,471,067**
Expenses according to business segment	**(3,550,176)**	**(696,877)**	**(105,293)**	**(1,780,505)**	**(7,226)**	**(6,140,077)**
Profit before tax	2,141,259	1,645,662	2,850,397	3,061,252	632,420	**10,330,990**
Tax	(576,762)	(442,854)	(767,053)	(823,795)	(170,187)	**(2,780,651)**
Profit for the year	**1,564,497**	**1,202,808**	**2,083,344**	**2,237,457**	**462,233**	**7,550,339**
Total assets	**82,138,508**	**2,352,091**	**137,645,556**	**18,444,909**	**54,190,257**	**294,771,321**

Dec.31, 2016	Corporate banking	SME's	Investment banking	Retail banking	Asset Liability Mangement	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	**104,231,922**	**3,826,756**	**101,472,259**	**15,011,250**	**39,309,870**	**263,852,057**

5.2. By geographical segment

EGP Thousands

Dec. 31, 2017	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	13,479,965	2,499,912	491,190	16,471,067
Expenses according to geographical segment	**(5,306,193)**	**(670,176)**	**(163,708)**	**(6,140,077)**
Profit before tax	**8,173,772**	**1,829,736**	**327,482**	**10,330,990**
Tax	(2,200,134)	(492,390)	(88,127)	(2,780,651)
Profit for the year	**5,973,638**	**1,337,346**	**239,355**	**7,550,339**
Total assets	**265,654,804**	**22,598,945**	**6,517,572**	**294,771,321**

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**

6. Net interest income

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
Interest and similar income		
- Banks	3,532,278	2,568,172
- Clients	10,921,054	6,656,743
Total	**14,453,332**	**9,224,915**
Treasury bills and bonds	14,039,447	9,794,089
Financial investments in held to maturity and available for sale debt instruments	178,391	125,214
Total	**28,671,170**	**19,144,218**
Interest and similar expense		
- Banks	(463,409)	(111,249)
- Clients	(15,686,959)	(9,010,782)
Total	**(16,150,368)**	**(9,122,031)**
Financial instruments purchased with a commitment to re-sale (Repos)	(2,037)	(153)
Other loans	(14,750)	(4,328)
Total	**(16,167,155)**	**(9,126,512)**
Net interest income	**12,504,015**	**10,017,706**

7. Net fee and commission income

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
Fee and commission income		
Fee and commissions related to credit	1,362,658	965,388
Custody fee	117,268	69,967
Other fee	1,197,018	930,174
Total	**2,676,944**	**1,965,529**
Fee and commission expense		
Other fee paid	(624,278)	(417,573)
Total	**(624,278)**	**(417,573)**
Net income from fee and commission	**2,052,666**	**1,547,956**

8. Dividend income

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
Trading securities	11,475	5,045
Available for sale securities	23,039	29,191
Total	**34,514**	**34,236**

9. Net trading income

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
Profit (Loss) from foreign exchange	764,732	603,565
Profit (Loss) from forward foreign exchange deals revaluation	(17,118)	12,947
Profit (Loss) from interest rate swaps revaluation	(23,732)	(15,055)
Profit (Loss) from currency swap deals revaluation	(21,230)	38,472
Trading debt instruments	589,563	675,253
Total	**1,292,215**	**1,315,182**

10. Administrative expenses

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
1.Staff costs		
Wages and salaries	(1,620,326)	(1,188,799)
Social insurance	(65,033)	(50,542)
Other benefits	(51,682)	(44,146)
2.Other administrative expenses	**(1,375,467)**	**(1,149,165)**
Total	**(3,112,508)**	**(2,432,652)**

11. Other operating (expenses) income

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
Profits (losses) from non-trading assets and liabilities revaluation	(61,065)	(682,556)
Profits from selling property, plant and equipment	607	1,682
Release (charges) of other provisions	(114,725)	(72,442)
Other income/expenses	(888,285)	(483,871)
Total	**(1,063,468)**	**(1,237,187)**

12. Impairment charge for credit losses

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
Loans and advances to customers	(1,742,281)	(892,874)
Total	**(1,742,281)**	**(892,874)**

13. Adjustments to calculate the effective tax rate

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
Profit before tax	10,330,990	8,044,438
Tax rate	22.50%	22.50%
Income tax based on accounting profit	**2,324,473**	**1,809,999**
Add / (Deduct)		
Non-deductible expenses	376,975	939,873
Tax exemptions	(173,358)	(113,627)
Effect of provisions	256,358	(588,519)
Depreciation	(6,797)	43,144
10% Withholding tax	3,000	3,013
Income tax / Deferred tax	**2,780,651**	**2,093,883**
Effective tax rate	**26.92%**	**26.03%**

14. Earning per share

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
Net profit for the year, available for distribution	7,549,043	5,948,258
Board member's bonus	(113,236)	(89,224)
Staff profit sharing	(754,904)	(594,826)
Profits shareholders' Stake	**6,680,903**	**5,264,208**
Weighted Average number of shares	**1,159,156**	1,159,156
Basic earning per share	**5.76**	**4.54**
By issuance of ESOP earning per share will be:		
Average number of shares including ESOP shares	1,177,722	1,176,718
Diluted earning per share	**5.67**	**4.47**

15. Cash and balances with central bank

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
Cash	5,784,303	5,083,805
Obligatory reserve balance with CBE		
- Current accounts	8,878,986	5,438,235
Total	**14,663,289**	**10,522,040**
Non-interest bearing balances	**14,663,289**	**10,522,040**

16. Due from banks

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
Current accounts	2,679,189	4,090,352
Deposits	42,640,577	53,920,682
Total	**45,319,766**	**58,011,034**
Central banks	15,863,399	37,447,892
Local banks	3,894,775	204,309
Foreign banks	25,561,592	20,358,833
Total	**45,319,766**	**58,011,034**
Non-interest bearing balances	-	33
Fixed interest bearing balances	45,319,766	58,011,001
Total	**45,319,766**	**58,011,034**
Current balances	45,319,766	58,011,034

17. Treasury bills and other governmental notes

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
91 Days maturity	-	1,051,375
182 Days maturity	1,289,425	4,350,975
364 Days maturity	57,602,997	36,010,730
Unearned interest	(4,238,574)	(2,196,693)
Total 1	**54,653,848**	**39,216,387**
Repos - treasury bills	(175,646)	(39,203)
Total 2	**(175,646)**	**(39,203)**
Net	**54,478,202**	**39,177,184**

18. Trading financial assets

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Debt instruments		
- Governmental bonds	6,728,843	1,933,420
Total	**6,728,843**	**1,933,420**
Equity instruments		
- Mutual funds	99,587	180,157
Total	**99,587**	**180,157**
- Portfolio managed by others	466,767	331,557
Total	7,295,197	2,445,134

19. Loans and advances to banks, net

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Time and term loans	1,383	161,451
Less:Impairment provision	**(70)**	**(1,800)**
Total	**1,313**	**159,651**
Current balances	1,313	110,053
Non-current balances	-	**49,598**
Total	**1,313**	**159,651**

Analysis for impairment provision of loans and advances to banks

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Beginning balance	(1,800)	(9,899)
Release during the year	1,697	20,368
Exchange revaluation difference	33	(12,269)
Ending balance	**(70)**	**(1,800)**

20. Loans and advances to customers, net

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Individual		
- Overdraft	1,780,416	1,901,875
- Credit cards	2,899,930	2,423,125
- Personal loans	13,910,837	10,745,352
- Real estate loans	416,616	306,930
- Other loans	-	20,838
Total 1	**19,007,799**	**15,398,120**
Corporate		
- Overdraft	12,450,826	13,220,464
- Direct loans	44,200,770	44,503,511
- Syndicated loans	26,627,825	24,840,803
- Other loans	112,802	110,382
Total 2	**83,392,223**	**82,675,160**
Total Loans and advances to customers (1+2)	**102,400,022**	**98,073,280**
Less:		
Unamortized bills discount	(12,476)	(5,533)
Impairment provision	(10,994,446)	(9,818,007)
Unearned interest	(2,965,997)	(2,257,826)
Net loans and advances to customers	**88,427,103**	**85,991,914**
Distributed to		
Current balances	38,960,491	36,671,277
Non-current balances	49,466,612	49,320,637
Total	**88,427,103**	**85,991,914**

Analysis for impairment provision of loans and advances to customers

	Individual					
Dec. 31, 2017	**Overdraft**	**Credit cards**	**Personal loans**	**Real estate loans**	**Other loans**	**Total**
Beginning balance	(11,166)	(25,056)	(190,592)	(7,801)	(20,838)	**(255,453)**
Released (charged) released during the year	(5,556)	(15,328)	(37,906)	(3,743)	20,838	**(41,695)**
Write off during the year	13,425	36,477	1,561	2,080	-	**53,543**
Recoveries during the year	-	(21,760)	(59)	(32)	-	**(21,851)**
Ending balance	**(3,297)**	**(25,667)**	**(226,996)**	**(9,496)**	-	**(265,456)**

	Corporate				
Dec. 31, 2017	**Overdraft**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
Beginning balance	(1,342,010)	(6,442,227)	(1,775,873)	(2,444)	**(9,562,554)**
Released (charged) released during the year	(387,038)	(1,125,372)	(189,364)	(509)	**(1,702,283)**
Write off during the year	-	382,185	-	-	**382,185**
Recoveries during the year	-	(23,054)	-	-	**(23,054)**
Exchange revaluation difference	21,921	100,778	54,011	6	**176,716**
Ending balance	**(1,707,127)**	**(7,107,690)**	**(1,911,226)**	**(2,947)**	**(10,728,990)**

	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)**

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 year for a predeterminedamount 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, 2017			Dec.31, 2016		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Foreign currencies derivatives						
- Forward foreign exchange contracts	6,820,350	36,597	49,687	2,174,176	182,508	178,479
- Currency swap	1,640,985	3,117	5,860	2,662,940	79,890	61,404
Total 1		**39,714**	**55,547**		**262,398**	**239,883**
Interest rate derivatives						
- Interest rate swaps	-	-	-	34,706	144	-
Total 2		-	-		144	-
Total assets (liabilities) for trading derivatives (1+2)		**39,714**	**55,547**		**262,542**	**239,883**

21.1.2. Fair value hedge

	Dec.31, 2017			Dec.31, 2016		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate derivatives						
- Governmental debt instruments hedging	655,925	-	25,996	675,861	-	45,629
- Customers deposits hedging	11,506,784	287	115,441	16,382,128	6,727	45,579
Total 3		**287**	**141,437**		**6,727**	**91,208**
Total financial derivatives (1+2+3)		**40,001**	**196,984**		**269,269**	**331,091**

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 25,996 thousand at December 31, 2017 against EGP 45,629 thousand at the December 31, 2016, Resulting in gains form hedging instruments at December 31, 2017 EGP 19,633 thousand against losses EGP 19,333 thousand at the December 31, 2016. Losses arose from the hedged items at December 31, 2017 reached EGP 44,924 thousand against losses of EGP 30,579 thousand at December 31, 2016.

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 115,154 thousand at the end of December 31, 2017 against EGP 38,852 thousand at December 31, 2016, resulting in losses from hedging instruments at December 31, 2017 of EGP 76,302 thousand against losses of EGP 28,916 thousand at December 31, 2016. Gains arose from the hedged items at December 31, 2017 reached EGP 81,488 thousand against gains EGP 56,314 thousand at December 31 , 2016.

22. Financial investments

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Available for sale		
- Listed debt instruments with fair value	29,632,780	4,709,487
- Listed equity instruments with fair value	83,346	97,631
- Unlisted instruments	758,655	640,173
Total	**30,474,781**	**5,447,291**
Held to maturity		
- Listed debt instruments	45,135,209	53,892,423
- Unlisted instruments	32,513	32,513
Total	**45,167,722**	**53,924,936**
Total financial investment	**75,642,503**	**59,372,227**
- Actively traded instruments	73,721,199	57,097,553
- Not actively traded instruments	1,921,304	2,274,674
Total	**75,642,503**	**59,372,227**
Fixed interest debt instruments	72,612,620	56,090,139
Floating interest debt instruments	2,155,369	2,511,772
Total	**74,767,989**	**58,601,911**

	Available for sale financial investments	Held to maturity financial investments	Total EGP Thousands
Beginning balance	46,289,075	9,261,220	**55,550,295**
Addition	3,334,122	44,667,810	**48,001,932**
Deduction	(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**
Available for sale impairment charges	(102,341)	-	**(102,341)**
Ending Balance as of Dec.31, 2016	**5,447,291**	**53,924,936**	**59,372,227**
Beginning balance	**5,447,291**	**53,924,936**	**59,372,227**
Addition	**25,868,230**	**4,597,254**	**30,465,484**
Deduction	**(1,361,027)**	**(13,354,468)**	**(14,715,495)**
Exchange revaluation differences for foreign financial assets	**(100,078)**	-	**(100,078)**
Profit (losses) from fair value difference	**512,016**	-	**512,016**
Released (Impairment) charges of available for sale	**108,349**	-	**108,349**
Ending Balance as of Dec.31, 2017	**30,474,781**	**45,167,722**	**75,642,503**

22.1. Profits (Losses) on financial investments

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Profit (Loss) from selling available for sale financial instruments	(99,047)	35,193
Released (Impairment) charges of available for sale equity instruments	254,588	(102,078)
Profit (Loss) from selling investments in associates	-	(32,793)
Released (Impairment) charges of non current assets held for sale	340,504	131,799
Total	**496,045**	**32,121**

23. Investments in associates and subsidiaries

EGP Thousands

Dec. 31, 2017	Company's country	Company's assets	Company's liabilities (without equity)	Company's revenues	Company's net profit	Investment book value	Stake %
Subsidiaries							
- CVenture Capital	Egypt	-	-	-	-	44,318	99.99
Associates							
- International Co. for Security and Services (Falcon)	Egypt	**512,388**	**367,470**	**505,461**	**52,695**	**9,750**	32.5
Total		**512,388**	**367,470**	**505,461**	**52,695**	**54,068**	

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**	

24. Other assets

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Accrued revenues	3,870,654	3,330,223
Prepaid expenses	230,296	144,422
Advances to purchase of fixed assets	522,211	203,410
Accounts receivable and other assets	2,193,590	1,691,603
Assets acquired as settlement of debts	45,083	56,599
Insurance	24,973	19,768
Total	**6,886,807**	**5,446,025**

25. Property, plant and equipment

	Dec. 31, 2017							EGP Thousands
	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total
Beginning gross assets (1)	64,709	936,982	1,395,638	87,660	607,773	459,572	144,454	**3,696,788**
Additions during the year	-	59,647	250,549	1,703	50,570	57,191	7,235	**426,895**
Ending gross assets (2)	**64,709**	**996,629**	**1,646,187**	**89,363**	**658,343**	**516,763**	**151,689**	**4,123,683**
Accumulated depreciation at beginning of the year (3)	-	315,192	1,029,244	47,904	468,368	372,522	124,929	**2,358,159**
Current year depreciation	-	44,507	176,155	5,184	70,311	47,595	7,253	**351,005**
Accumulated depreciation at end of the year (4)	-	**359,699**	**1,205,399**	**53,088**	**538,679**	**420,117**	**132,182**	**2,709,164**
Ending net assets (2-4)	**64,709**	**636,930**	**440,788**	**36,275**	**119,664**	**96,646**	**19,507**	**1,414,519**
Beginning net assets (1-3)	**64,709**	**621,790**	**366,394**	**39,756**	**139,405**	**87,050**	**19,525**	**1,338,629**
Depreciation rates		%5	%33.3	%20	%33.3	%20	%20	

Net fixed assets value on the balance sheet date includes EGP 353,462 thousand non registered assets while their registrations procedures are in process.

26. Due to banks

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Current accounts	1,067,374	271,470
Deposits	810,544	2,737,526
Total	**1,877,918**	**3,008,996**
Central banks	128,527	163,420
Local banks	714,294	2,636,009
Foreign banks	1,035,097	209,567
Total	**1,877,918**	3,008,996
Non-interest bearing balances	740,158	545,463
Fixed interest bearing balances	1,137,760	2,463,533
Total	**1,877,918**	**3,008,996**
Current balances	**1,877,918**	3,008,996

27. Due to customers

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Demand deposits	72,487,190	60,293,401
Time deposits	49,952,470	57,478,218
Certificates of deposit	70,486,930	69,215,320
Saving deposits	53,075,098	38,519,158
Other deposits	4,765,682	6,459,215
Total	**250,767,370**	**231,965,312**
Corporate deposits	107,798,000	110,382,138
Individual deposits	142,969,370	121,583,174
Total	**250,767,370**	**231,965,312**
Non-interest bearing balances	43,317,721	37,066,683
Fixed interest bearing balances	207,449,649	194,898,629
Total	**250,767,370**	**231,965,312**
Current balances	178,830,593	159,717,409
Non-current balances	71,936,777	72,247,903
Total	**250,767,370**	**231,965,312**

28. Long term loans

	Interest rate %	Maturity date	Maturing through next year EGP Thousands	Balance on Dec. 31, 2017 EGP Thousands	Balance on Dec. 31, 2016 EGP Thousands
Financial Investment & Sector Cooperation (FISC)	3.5 - 5.5 depends on maturity date	3-5 years	-	-	2,778
Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	83,886	87,314	88,800
Social Fund for Development (SFD)	3 months T/D or 9% which is more	04-Jan-20	41,882	41,882	68,665
European Bank for Reconstruction and Development (EBRD) subordinated Loan	3 months libor + 6.2%	10 years	-	1,772,770	-
International Finance Corporation (IFC) subordinated Loan	3 months libor + 6.2%	10 years	-	1,772,770	-
Balance			**125,768**	**3,674,736**	**160,243**

The variable interest rate on the subordinated loan is determined in advance every 3 months and the subordinated loans are not repaid before their due dates.

29. Other liabilities

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Accrued interest payable	1,516,471	1,455,029
Accrued expenses	507,543	645,979
Accounts payable	**3,277,350**	**1,329,189**
Other credit balances	175,167	149,133
Total	**5,476,531**	**3,579,330**

30. Other provisions

Dec. 31, 2017	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	46,035	549	(57)	(725)	(29)	45,773
Provision for contingent	1,434,703	118,370	12,627	-	(95,398)	1,470,302
*Provision for other claim	26,409	93,703	(730)	(24,738)	(2,470)	92,174
Total	**1,514,057**	**212,622**	**11,840**	**(25,463)**	**(97,897)**	**1,615,159**

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**

** To face the potential risk of banking operations.*

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 11,618,011 thousand to be divided on 1,161,801 thousand shares with EGP 10 par value for each share"and registered in the commercial register dated 17th May 2017.

- Increase issued and Paid in Capital by amount EGP 79,351 thousand on May 24,2017 to reach EGP 11,618,011 thousand according to Board of Directors decision on November 9, 2016 by issuance of eighth tranche for E.S.O.P program.
- 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 dispersment 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 reseve 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, 2017 EGP Thousands	Assets (Liabilities) Dec. 31, 2016 EGP Thousands
Fixed assets (depreciation)	(31,409)	(28,741)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	31,038	16,300
Intangible Assets & Good will	36,712	17,090
Other investments impairment	56,698	86,845
Reserve for employee stock ownership plan (ESOP)	110,100	79,981
Interest rate swaps revaluation	5,340	3,722
Trading investment revaluation	(37,478)	18,338
Forward foreign exchange deals revaluation	8,629	(12,227)
Balance	**179,630**	**181,308**

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, 2017 No. of shares in thousand	Dec. 31, 2016 No. of shares in thousand
Outstanding at the beginning of the year	22,351	20,373
Granted during the year	7,601	9,262
Forfeited during the year	(737)	(478)
Exercised during the year	(7,935)	(6,806)
Outstanding at the end of the year	**21,280**	**22,351**

Details of the outstanding tranches are as follows:

Maturity date	EGP Exercise price	EGP Fair value *	No. of shares in thousand
2018	10.00	31.67	5,077
2019	10.00	28.43	8,791
2020	10.00	65.55	7,412
Total			**21,280**

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

	11th tranche	10th tranche
Exercise price	10	10
Current share price	73.08	38.09
Expected life (years)	3	3
Risk free rate %	16.77%	12.40%
Dividend yield%	0.68%	2.50%
Volatility%	30%	31%

Volatility is calculated based on the daily standard deviation of returns for the last three years.

34. Reserves

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Legal reserve	1,332,807	1,035,363
General reserve	9,000,023	4,554,403
Special reserve	32,460	30,778
Reserve for A.F.S investments revaluation difference	(1,642,958)	(2,180,244)
Banking risks reserve	3,634	3,019
Total	8,725,966	3,443,319

On 28 January 2018, Central Bank of Egypt issued instructions indicating the following:
Creating IFRS 9 risk reserve (1% of the total weighted credit risk) deducted from 2017 net profit after tax, to be used after

34.1. Banking risks reserve

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Beginning balance	3,019	2,513
Transferred to bank risk reserve	615	506
Ending balance	**3,634**	**3,019**

34.2. Legal reserve

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Beginning balance	1,035,363	803,355
Transferred from previous year profits	297,444	232,008
Ending balance	**1,332,807**	**1,035,363**

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

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Beginning balance	(2,180,244)	(2,202,463)
Unrealized gain (loss) from A.F.S investment revaluation	537,286	22,219
Ending balance	**(1,642,958)**	**(2,180,244)**

35 . Cash and cash equivalent

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Cash and balances with central bank	14,663,289	10,522,040
Due from banks	45,319,766	58,011,034
Treasury bills and other governmental notes	54,478,202	39,177,184
Obligatory reserve balance with CBE	(8,878,986)	(5,438,235)
Due from banks with maturities more than three months	(1,719,586)	(2,565,895)
Treasury bills with maturities more than three months	(54,653,848)	(38,187,428)
Total	**49,208,837**	**61,518,700**

36 . Contingent liabilities and commitments

36.1. Legal claims

There is a number of existing cases filed against the bank on December 31,2017 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 166,798 thousand as follows:

	Investments value	Paid	Remaining
Available for sale financial investments	368,650	201,853	**166,798**

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 196,284 thousand.

36.3. Letters of credit, guarantees and other commitments

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Letters of guarantee	69,514,413	65,575,370
Letters of credit (import and export)	1,700,516	2,382,849
Customers acceptances	1,017,690	650,607
Total	**72,232,619**	**68,608,826**

36.4. Credit facilities commitments

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Credit facilities commitments	7,024,376	7,245,061

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 4,500,204 with redeemed value of EGP 1,408,654 thousands.
- The market value per certificate reached EGP 313.02 on December 31, 2017.
- The Bank portion got 295,425 certificates with redeemed value of EGP 92,474 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 518,708 with redeemed value of EGP 96,366 thousands.
- The market value per certificate reached EGP 185.78 on December 31, 2017.
- The Bank portion got 128,000 certificates with redeemed value of EGP 23,780 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 334,711 with redeemed value of EGP 33,752 thousands.
- The market value per certificate reached EGP 100.84 on December 31, 2017.
- The Bank portion got 39,000 certificates with redeemed value of EGP 3,933 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 96,452 with redeemed value of EGP 18,281 thousands.
- The market value per certificate reached EGP 189.53 on December 31, 2017.
- The Bank portion got 50,000 certificates with redeemed value of EGP 9,477 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 94,470 with redeemed value of EGP 18,237 thousands.
- The market value per certificate reached EGP 193.05 on December 31, 2017.
- The Bank portion got 50,000 certificates with redeemed value of EGP 9,653 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 139,586 with redeemed value of EGP 23,241 thousands.
- The market value per certificate reached EGP 166.50 on December 31, 2017.
- The Bank portion got 50,000 certificates with redeemed value of EGP 8,325 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	5,936
Deposits	64,779
Contingent liabilities	1,372

38.2. Other transactions with related parties

	Income EGP Thousands	Expenses EGP Thousands
International Co. for Security & Services	185	228,429

39. Main currencies positions

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Egyptian pound	182,639	1,371,677
US dollar	(313,246)	(1,360,474)
Sterling pound	(1,566)	266
Japanese yen	(523)	851
Swiss franc	637	25
Euro	46,768	4,440

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.
- The Bank's corporate income tax has been examined and paid for the period 2015 - 2016.
- 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 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 31/12/2016 according to the protocol between the Federation of Egyptian banks and the tax authority.

41. Intangible assets:

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Book value	651,041	651,041
Amortization	(282,118)	(151,910)
Net book value	**368,923**	**499,131**

According to CBE's regulation issued on Dec 16, 2008, an annual amortization of 20% has been applied on intangible assets starting from acquisition date.

42. Non current assets held for sale

	Dec. 31, 2017 EGP Thousands Investment book value	Dec. 31, 2016 EGP Thousands Investment book value
- CI Capital Holding	-	428,011

CIB remained a minority stake of 10.00% of CI Capital Holding.

Minority stake has been transferred to available for sale due to the bank's intention for maintaining the ownership percentage of such investment.

Important Events

On 28 January 2018, the Central Bank of Egypt issued instructions on the following:

IFRS 9 will be applied starting from 1st of January 2019. The bank will issue audited financial statements under the current CBE regulations as at 31 March 2018, in addition to issuing a drafted financial statements in compliance with the new instructions recieved from CBE regarding IFRS 9.

"IFRS 9 risk reserve has been created (1% of the total weighted credit risk) of 2017 net profit after tax, to be used after obtaining the CBE's consent.

Deloitte – Saleh, Barsoum & Abdel Aziz	KPMG Hazem Hassan
Accountants & Auditors	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 statement of financial position as at 31 December 2017, 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, 2017 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	Kamel Magdy Saleh
Egyptian Financial Supervisory Authority	Egyptian Financial Supervisory Authority
Register Number "98"	Register Number "69"
KPMG Hazem Hassan	Deloitte – Saleh, Barsoum & Abdel Aziz
Public Accountants & Consultants	Accountants & Auditors

Cairo, 31 January,2018

Commercial International Bank (Egypt) S.A.E

Consolidated balance sheet as at December 31, 2017

	Notes	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Assets			
Cash and balances with central bank	15	14,663,289	10,522,040
Due from banks	16	45,319,766	58,011,034
Treasury bills and other governmental notes	17	54,478,202	39,177,184
Trading financial assets	18	7,295,197	2,445,134
Loans and advances to banks, net	19	1,313	159,651
Loans and advances to customers, net	20	88,427,103	85,224,148
Non current assets held for sale	42	-	4,890,438
Derivative financial instruments	21	40,001	269,269
Financial investments			
- Available for sale	22	30,474,781	5,447,291
- Held to maturity	22	45,167,722	53,924,936
Investments in associates	23	65,039	36,723
Other assets	24	6,886,607	5,434,563
Intangible assets	41	368,923	499,131
Deferred tax assets (Liabilities)	32	179,630	181,308
Property, plant and equipment	25	1,414,519	1,320,905
Total assets		**294,782,092**	**267,543,755**
Liabilities and equity			
Liabilities			
Due to banks	26	1,877,918	3,008,996
Due to customers	27	250,723,052	231,740,795
Non current liabilities held for sale	42	-	3,684,676
Derivative financial instruments	21	196,984	331,091
Current tax liabilities		2,778,973	2,017,034
Other liabilities	29	5,476,531	3,579,330
Long term loans	28	3,674,736	160,243
Other provisions	30	1,615,159	1,514,057
Total liabilities		**266,343,353**	**246,036,222**
Equity			
Issued and paid up capital	31	11,618,011	11,538,660
Reserves	34	8,725,966	3,451,756
Reserve for employee stock ownership plan (ESOP)		489,334	343,460
Retained earnings (losses)		89,873	31,462
Total equity		**20,923,184**	**15,365,338**
Net profit for the year		7,515,555	6,009,118
Total equity and net profit for the year		**28,438,739**	**21,374,456**
Minority interest		-	133,077
Total minority interest , equity and net profit for the year		**28,438,739**	**21,507,533**
Total liabilities, equity, minority interest and net profit for the year		**294,782,092**	**267,543,755**

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, 2017

	Notes	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Continued Operations			
Interest and similar income		28,671,170	19,144,218
Interest and similar expense		(16,167,155)	(9,126,512)
Net interest income	6	**12,504,015**	**10,017,706**
Fee and commission income		2,676,944	1,965,529
Fee and commission expense		(624,278)	(417,573)
Net fee and commission income	7	**2,052,666**	**1,547,956**
Dividend income	8	34,514	34,236
Net trading income	9	1,292,215	1,315,182
Profits (Losses) on financial investments	22	165,111	(25,533)
Administrative expenses	10	(3,112,508)	(2,432,652)
Other operating (expenses) income	11	(1,063,468)	(1,237,187)
Goodwill impairment		-	(209,842)
Intangible assets amortization	41	(130,208)	(130,208)
Impairment charge for credit losses	12	(1,742,281)	(892,874)
Bank's share in the profits of associates		29,066	2,989
Profit before income tax		**10,029,122**	**7,989,773**
Income tax expense	13	(2,778,973)	(2,017,034)
Deferred tax assets (Liabilities)	32 & 13	(1,678)	(76,849)
Net profit from continued operations		**7,248,471**	**5,895,890**
"Discontinued Operations "			
"Net profit from discontinued operations "		122,234	127,376
Profit (loss) of disposal from discontinued operations	43	168,900	-
Net profit for the year		**7,539,605**	**6,023,266**
Minority interest		24,050	14,148
Bank shareholders		**7,515,555**	**6,009,118**
Earning per share	14		
Basic		5.76	4.54
Diluted		5.67	4.47

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, 2017

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Cash flow from operating activities		
Profit before income tax from continued operations	10,029,122	7,989,773
Profit before income tax from discontinued operations	-	158,041
Adjustments to reconcile net profit to net cash provided by operating activities		
Fixed assets depreciation	351,005	285,381
Impairment charge for credit losses	1,742,281	892,874
Other provisions charges	212,622	150,847
Trading financial investments revaluation differences	(248,072)	(269,283)
Available for sale and held to maturity investments exchange revaluation differences	100,078	(2,219,961)
Goodwill impairment	-	209,842
Intangible assets amortization	130,208	130,208
Financial investments impairment charge	(83,079)	82,428
Utilization of other provisions	(25,463)	(3,696)
Other provisions no longer used	(97,897)	(78,405)
Exchange differences of other provisions	11,840	583,550
Profits from selling property, plant and equipment	(607)	(1,682)
Profits from selling financial investments	99,047	(35,193)
Profits from selling investments in associates	-	90,447
Impairment (Released) charges of associates	(9,570)	(131,799)
Shares based payments	290,884	187,000
Bank's share in the profits of associates	(38,636)	-
Associates financial investments revaluation differences	-	2,989
Operating profits before changes in operating assets and liabilities	**12,463,763**	**8,023,361**
Net decrease (increase) in assets and liabilities		
Due from banks	(2,594,442)	264,072
Treasury bills and other governmental notes	(16,466,420)	(16,057,258)
Trading financial assets	(4,601,991)	3,672,526
Derivative financial instruments	95,161	(2,918)
Loans and advances to banks and customers	(4,019,132)	(29,440,654)
Other assets	(1,121,981)	(4,450,111)
Non current assets held for sale	428,011	-
Due to banks	(1,131,078)	1,408,227
Due to customers	18,802,058	76,506,379
Income tax obligations paid	(2,017,034)	(1,949,694)
Other liabilities	1,897,201	4,354,673
Net cash provided from operating activities	**1,734,116**	**42,328,603**
Cash flow from investing activities		
Proceeds from redemption of subsidiary and associates	750	(12,036)
Payment (proceeds) for purchases and sell of subsidiary and associates	(44,318)	176,161
Payment for purchases of property, plant, equipment and branches constructions	(745,089)	(560,631)
Proceeds from redemption of held to maturity financial investments	13,354,468	4,094
Payment for purchases of held to maturity financial investments	(4,597,254)	(1,243,669)
Payment for purchases of available for sale financial investments	(25,868,230)	(3,334,122)
Proceeds from selling available for sale financial investments	973,963	2,946,710

Commercial International Bank (Egypt) S.A.E

Consolidated cash flow for the year ended on December 31, 2017 (Cont.)

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Proceeds from selling non current assets held for sale	628,521	(2,989)
Net cash used in investing activities	**(16,297,189)**	**(2,026,482)**
Cash flow from financing activities		
Increase (decrease) in long term loans	3,524,063	28,915
Dividend paid	(1,350,204)	(1,463,450)
Capital increase	79,351	68,057
Net cash used in financing activities	**2,253,210**	**(1,366,478)**
Net increase (decrease) in cash and cash equivalent during the year	(12,309,863)	38,935,643
Beginning balance of cash and cash equivalent	61,518,700	22,583,057
Cash and cash equivalent at the end of the year	**49,208,837**	**61,518,700**
Cash and cash equivalent comprise:		
Cash and balances with central bank	14,663,289	10,522,040
Due from banks	45,319,766	58,011,034
Treasury bills and other governmental notes	54,478,202	39,177,184
Obligatory reserve balance with CBE	(8,878,986)	(5,438,235)
Due from banks with maturities more than three months	(1,719,586)	(2,565,895)
Treasury bills with maturity more than three months	(54,653,848)	(38,187,428)
Total cash and cash equivalent	**49,208,837**	**61,518,700**

Commercial International Bank (Egypt) S.A.E

Consolidated statement of changes in shareholders' equity for the year ended on 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	IFRS 9 risk reserve	Net profit for the year	Reserve for employee stock ownership plan	Cumulative foreign currencies translation differences	Total Shareholders Equity	Minority Interest	Total EGP Thousands
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	-	-	-	-	-	-	-	-	-	-	8588	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**

Commercial International Bank (Egypt) S.A.E

Consolidated statement of changes in shareholders' equity for the year ended December 31, 2017

Dec. 31, 2017	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	IFRS 9 risk reserve	Net profit for the year	Reserve for employee stock ownership plan	Cumulative foreign currencies translation differences	Total Shareholders Equity	Minority Interest	Total EGP Thousands
Beginning balance	11,538,660	1,035,363	4,554,251	31,462	30,778	(2,180,244)	3,019	-	6,009,118	343,460	8,588	21,374,455	133,077	21,507,532
Capital increase	79,351	-	-	-	-	-	-	-	-	-	-	79,351	-	79,351
Transferred to reserves	-	297,444	4,445,620	58,563	1,682	-	-	-	(4,658,299)	(145,010)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(1,350,204)	-	-	(1,350,204)	-	(1,350,204)
Net profit for the year	-	-	-	-	-	-	-	-	7,515,555	-	-	7,515,555	24,050	7,539,605
Disposal of subsidiary	-	-	152	(152)	-	-	-	-	-	-	(8,588)	(8,588)	-	(8,588)
Change in ownership percentage	-	-	-	-	-	-	-	-	-	-	-	-	(157,127)	(157,127)
Net unrealised gain/(loss) on AFS	-	-	-	-	-	537,286	-	-	-	-	-	537,286	-	537,286
Transferred (from) to bank risk reserve	-	-	-	-	-	-	615	-	(615)	-	-	-	-	-
IFRS 9 risk reserve	-	-	-	-	-	-	-	1,411,549	(1,411,549)	-	-	-	-	-
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	-	290,884	-	290,884	-	290,884
Balance at the end of the year	11,618,011	1,332,807	9,000,023	89,873	32,460	(1,642,958)	3,634	1,411,549	6,104,006	489,334	-	28,438,739	-	28,438,739

Notes to the consolidated financial statements for the year ended December 31, 2017

1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 174 branches, and 22 units employing 6551 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, 2017 the Bank directly owns 4,114,568 shares representing 10% of CI Capital Holding Company's capital and on December 31, 2017 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

The bank owns investments in a subsidiary "C-Ventures", in which the bank's share is 99.99%. The company is still under establishment and has not yet started its operations and has not been registered in the commercial register.

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 until 20 March 2017.

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.

12.14. 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'.

2.16.3. 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. 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:

- 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, 2017		December 31, 2016	
Bank's rating	**Loans and advances (%)**	**Impairment provision (%)**	**Loans and advances (%)**	**Impairment provision (%)**
1-Performing loans	**69.53**	**11.61**	68.27	13.78
2-Regular watching	**15.53**	**21.51**	18.43	19.53
3-Watch list	**7.99**	**23.70**	6.54	16.81
4-Non-Performing Loans	**6.95**	**43.18**	6.76	49.88

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, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Treasury bills and other governmental notes	54,653,848	39,216,387
Trading financial assets:		
- Debt instruments	6,728,843	1,933,420
Gross loans and advances to banks	1,383	161,451
Less:Impairment provision	(70)	(1,800)
Gross loans and advances to customers		
Individual:		
- Overdraft	1,780,416	1,901,875
- Credit cards	2,899,930	2,423,125
- Personal loans	13,910,837	10,745,352
- Mortgages	416,616	306,930
- Other loans	-	20,838
Corporate:		
- Overdraft	12,450,826	12,452,698
- Direct loans	44,200,770	44,503,511
- Syndicated loans	26,627,825	24,840,803
- Other loans	112,802	110,382
Unamortized bills discount	(12,476)	(5,533)
Impairment provision	(10,994,446)	(9,818,007)
Unearned interest	(2,965,997)	(2,257,826)
Derivative financial instruments	40,001	269,269
Financial investments:		
-Debt instruments	74,767,989	58,601,911
-Investments in associates	65,039	36,723
Total	**224,684,136**	**185,441,509**
Off balance sheet items exposed to credit risk		
Financial guarantees	3,605,001	2,832,705
Customers acceptances	1,017,690	650,607
Letters of credit (import and export)	1,700,516	2,382,849
Letter of guarantee	69,514,413	65,575,370
Total	**75,837,620**	**71,441,531**

The above table represents the Bank's Maximum exposure to credit risk on December 31, 2017, 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 39.35% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represents 36.26%.

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:

- 85.06% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.
- 93.05% of loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed individualy are valued EGP 7,120,106 thousand.
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on December 31, 2017.
- 96.80% 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, 2017 EGP Thousands		Dec.31, 2016 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	89,395,036	1,383	85,586,627	161,451
Past due but not impaired	5,884,880	-	5,133,220	-
Individually impaired	7,120,106	-	6,585,667	-
Gross	**102,400,022**	**1,383**	**97,305,514**	**161,451**
Less:				
Impairment provision	10,994,446	70	9,818,007	1,800
Unamortized bills discount	12,476	-	5,533	-
Unearned interest	2,965,997	-	2,257,826	-
Net	**88,427,103**	**1,313**	**85,224,148**	**159,651**

Impairment provision losses for loans and advances reached EGP 10,994,516 thousand.

During the year, the Bank's total loans and advances increased by 5.06%.

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, 2017	Individual				Corporate					EGP Thousands
Grades:	Overdrafts	Credit cards	Personal loans	Mortgages	Overdraft	Direct loans	Syndicated loans	Other loans	Total loans and advances to customers	Total loans and advances to banks
Performing loans	1,648,245	2,781,232	13,101,740	405,931	8,828,336	22,580,167	20,475,961	94,665	**69,916,277**	-
Regular watching	76,768	56,114	123,173	-	800,290	9,619,251	2,848,444	15,190	**13,539,230**	**1,313**
Watch list	12,976	22,537	18,120	-	463,257	3,918,513	1,141,383	-	**5,576,786**	-
Non-performing loans	39,130	14,380	440,808	1,189	651,816	975,149	250,811	-	**2,373,283**	-
Total	**1,777,119**	**2,874,263**	**13,683,841**	**407,120**	**10,743,699**	**37,093,080**	**24,716,599**	**109,855**	**91,405,576**	**1,313**

Dec. 31, 2016	Individual				Corporate					EGP Thousands
Grades:	Overdrafts	Credit cards	Personal loans	Mortgages	Overdraft	Direct loans	Syndicated loans	Other loans	Total loans and advances to customers	Total loans and advances to banks
Performing loans	1,784,301	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**

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, 2017	Individual					Corporate			EGP Thousand
	Overdrafts	Credit cards	Personal loans	Mortgages	Total	Overdraft	Direct loans	Syndicated loans	Total
Past due up to 30 days	530,593	395,709	33,155	580	**960,037**	445,730	3,634,181	**3,071**	**4,082,982**
Past due 30 - 60 days	77,071	59,927	19,547	199	**156,744**	30,531	58,688	-	**89,219**
Past due 60-90 days	13,038	27,020	10,520	69	**50,647**	427,811	117,440	-	**545,251**
Total	**620,702**	**482,656**	**63,222**	**848**	**1,167,428**	**904,072**	**3,810,309**	**3,071**	**4,717,452**

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**

Individually impaired loans

Loans and advances individually assessed without taking into consideration cash flows from guarantees are totaled EGP 7,120,106 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, 2017	Individual					Corporate			EGP Thousand
	Overdrafts	Credit cards	Personal loans	Mortgages	Other loans	Overdraft	Direct loans	Syndicated loans	Total
Individually impaired loans	**40,792**	**24,067**	**621,211**	**3,960**	-	**1,726,440**	**3,445,855**	**1,257,781**	**7,120,106**

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**

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 period:

	Dec.31, 2017	Dec.31, 2016
Loans and advances to customer		
Corporate		
- Direct loans	8,577,197	7,771,415
Total	**8,577,197**	**7,771,415**

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:

Dec.31, 2017	Treasury bills and other gov. notes	Trading financial debt instruments	Non-trading financial debt instruments	EGP Thousands Total
AAA	-	-	-	-
AA- to AA+	-	-	431,011	**431,011**
A- to A+	-	-	1,724,358	**1,724,358**
Lower than A-	-	1,721,360	4,457,964	**6,179,324**
Unrated	54,478,202	5,007,483	68,154,656	**127,640,341**
Total	**54,478,202**	**6,728,843**	**74,767,989**	**135,975,034**

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 year.

The Bank has allocated exposures to regions based on the country of domicile of its counterparties.

EGP Thousands

Dec.31, 2017	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Treasury bills and other governmental notes	54,653,848	-	-	**54,653,848**
Trading financial assets:				
- Debt instruments	6,728,843	-	-	**6,728,843**
Gross loans and advances to banks	1,383	-	-	**1,383**
Less:Impairment provision	(70)	-	-	**(70)**
Gross loans and advances to customers				
Individual:				
- Overdrafts	956,756	621,743	201,917	**1,780,416**
- Credit cards	2,329,790	488,529	81,611	**2,899,930**
- Personal loans	8,632,679	4,437,647	840,511	**13,910,837**
- Mortgages	342,764	66,414	7,438	**416,616**
Corporate:				
- Overdrafts	10,228,588	1,731,524	490,714	**12,450,826**
- Direct loans	29,818,885	11,262,255	3,119,630	**44,200,770**
- Syndicated loans	23,487,639	2,831,056	309,130	**26,627,825**
- Other loans	87,088	25,714	-	**112,802**
Unamortized bills discount	(12,476)	-	-	**(12,476)**
Impairment provision	(10,994,446)	-	-	**(10,994,446)**
Unearned interest	(2,362,942)	(495,481)	(107,574)	**(2,965,997)**
Derivative financial instruments	40,001	-	-	**40,001**
Financial investments:				
-Debt instruments	74,767,989	-	-	**74,767,989**
-Investments in associates	65,039	-	-	**65,039**
Total	**198,771,358**	**20,969,401**	**4,943,377**	**224,684,136**

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, 2017	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Treasury bills and other governmental notes	-	-	-	-	54,653,848	-	-	**54,653,848**
Trading financial assets:								
- Debt instruments	-	-	-	-	6,728,843	-	-	**6,728,843**
Gross loans and advances to banks	1,383	-	-	-	-	-	-	**1,383**
Less:Impairment provision	(70)	-	-	-	-	-	-	**(70)**
Gross loans and advances to customers								
Individual:								
- Overdrafts	-	-	-	-	-	-	1,780,416	**1,780,416**
- Credit cards	-	-	-	-	-	-	2,899,930	**2,899,930**
- Personal loans	-	-	-	-	-	-	13,910,837	**13,910,837**
- Mortgages	-	-	-	-	-	-	416,616	**416,616**
Corporate:								
- Overdrafts	391,918	5,845,706	817,441	521,605	616,248	4,257,908	-	**12,450,826**
- Direct loans	1,067,591	20,149,100	543,867	574,934	3,047,151	18,818,127	-	**44,200,770**
- Syndicated loans	112,801	11,536,893	784,161	-	12,633,579	1,560,391	-	**26,627,825**
- Other loans	-	111,202	-	-	-	1,600	-	**112,802**
Unamortized bills discount	(12,476)	-	-	-	-	-	-	**(12,476)**
Impairment provision	(35,702)	(4,119,526)	(21,606)	(152,558)	(38,857)	(6,360,741)	(265,456)	**(10,994,446)**
Unearned interest	(989)	(922,660)	-	(22,077)	-	(2,020,271)	-	**(2,965,997)**
Derivative financial instruments	40,001	-	-	-	-	-	-	**40,001**
Financial investments:								
-Debt instruments	2,155,369	-	-	-	72,612,620	-	-	**74,767,989**
- Investments in associates and subsidiaries	65,039	-	-	-	-	-	-	**65,039**
Total	**3,784,865**	**32,600,715**	**2,123,863**	**921,904**	**150,253,432**	**16,257,014**	**18,742,343**	**224,684,136**

3.2. Market risk

Market risk represnts 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 thetrading 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 iscurrently 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, 2017			Dec. 31, 2016		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	13,647	82,695	275	31,561	300,218	276
Interest rate risk	**588,938**	**815,249**	**363,366**	**365,258**	**1,028,396**	**112,744**
- For non trading purposes	553,426	739,977	351,674	340,853	973,882	102,443
- For trading purposes	35,512	75,272	11,692	24,405	54,514	10,301
Portfolio managed by others risk	7,280	10,454	4,854	4,775	10,341	2,682
Investment fund	370	692	215	392	643	264
Total VaR	**591,508**	**826,941**	**364,408**	**381,247**	**1,193,075**	**113,480**

Trading portfolio VaR by risk type

EGP Thousands

	Dec. 31, 2017			Dec. 31, 2016		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	13,647	82,695	275	31,561	300,218	276
Interest rate risk	**35,512**	**75,272**	**11,692**	**24,405**	**54,514**	**10,301**
- For trading purposes	35,512	75,272	11,692	24,405	54,514	10,301
Funds managed by others risk	7,280	10,454	4,854	4,775	10,341	2,682
Investment fund	370	692	215	392	643	264
Total VaR	**46,039**	**113,250**	**13,804**	**51,651**	**335,888**	**11,285**

Non trading portfolio VaR by risk type

EGP Thousands

	Dec. 31, 2017			Dec. 31, 2016		
	Medium	High	Low	Medium	High	Low
Interest rate risk						
- For non trading purposes	553,426	739,977	351,674	340,853	973,882	102,443
Total VaR	**553,426**	**739,977**	**351,674**	**340,853**	**973,882**	**102,443**

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, 2017	EGP	USD	EUR	GBP	Other	Total
Financial assets						
Cash and balances with central bank	10,910,051	2,419,832	849,425	71,041	412,940	**14,663,289**
Due from banks	4,465,131	31,854,175	7,996,060	875,492	128,908	**45,319,766**
Treasury bills and other governmental notes	45,189,229	12,145,247	1,382,300	-	-	**58,716,776**
Trading financial assets	5,573,837	1,721,360	-	-	-	**7,295,197**
Gross loans and advances to banks	-	1,383	-	-	-	**1,383**
Gross loans and advances to customers	53,565,401	46,899,704	1,893,051	41,866	-	**102,400,022**
Derivative financial instruments	39,714	287	-	-	-	**40,001**
Financial investments						
- Available for sale	24,667,305	5,807,476	-	-	-	**30,474,781**
- Held to maturity	45,167,722	-	-	-	-	**45,167,722**
Investments in associates	65,039	-	-	-	-	**65,039**
Total financial assets	**189,643,429**	**100,849,464**	**12,120,836**	**988,399**	**541,848**	**304,143,976**
Financial liabilities						
Due to banks	534,701	1,212,410	45,974	26,079	58,754	**1,877,918**
Due to customers	152,712,537	85,772,953	10,952,101	935,525	349,936	**250,723,052**
Derivative financial instruments	55,547	141,437	-	-	-	**196,984**
Long term loans	129,196	3,545,540	-	-	-	**3,674,736**
Total financial liabilities	**153,431,981**	**90,672,340**	**10,998,075**	**961,604**	**408,690**	**256,472,690**
Net on-balance sheet financial position	**36,211,448**	**10,177,124**	**1,122,761**	**26,795**	**133,158**	**47,671,286**

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 marginsmay 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, 2017	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	-	-	-	-	-	14,663,289	**14,663,289**
Due from banks	32,633,606	12,038,721	647,439	-	-	-	**45,319,766**
Treasury bills and other governmental notes*	3,395,960	6,823,666	48,497,150	-	-	-	**58,716,776**
Trading financial assets	99,586	-	904	3,807,571	2,920,368	466,768	**7,295,197**
Gross loans and advances to banks	1,383	-	-	-	-	-	**1,383**
Gross loans and advances to customers	65,216,595	11,787,421	14,459,839	8,594,614	2,341,553	-	**102,400,022**
Derivatives financial instruments (including IRS notional amount)	967,641	494,350	7,628,334	3,112,098	-	287	**12,202,710**
Financial investments							
- Available for sale	1,602,509	-	195,543	15,888,478	12,119,880	668,371	**30,474,781**
- Held to maturity	32,499	2,955,001	9,089,021	25,263,827	7,827,374	-	**45,167,722**
Investments in associates	-	-	-	-	-	65,039	**65,039**
Total financial assets	**103,949,779**	**34,099,159**	**80,518,230**	**56,666,588**	**25,209,175**	**15,863,754**	**316,306,685**
Financial liabilities							
Due to banks	1,137,760	-	-	-	-	740,158	**1,877,918**
Due to customers	106,568,106	18,578,123	31,298,719	50,294,632	710,069	43,273,403	**250,723,052**
Derivatives financial instruments (including IRS notional amount)	5,866,665	5,684,039	11,627	655,925	-	141,437	**12,359,693**
Long term loans	36,393	3,552,283	82,631	3,429	-	-	**3,674,736**
Total financial liabilities	**113,608,924**	**27,814,445**	**31,392,977**	**50,953,986**	**710,069**	**44,154,998**	**268,635,399**
Total interest re-pricing gap	**(9,659,145)**	**6,284,714**	**49,125,253**	**5,712,602**	**24,499,106**	**(28,291,244)**	**47,671,286**

** 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, 2017	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	1,877,918	-	-	-	-	**1,877,918**
Due to customers	31,348,143	21,728,194	71,335,328	109,570,301	16,741,086	**250,723,052**
Long term loans	36,393	6,743	82,631	3,429	3,545,540	**3,674,736**
Total liabilities (contractual and non contractual maturity dates)	**33,262,454**	**21,734,937**	**71,417,959**	**109,573,730**	**20,286,626**	**256,275,706**
Total financial assets (contractual and non contractual maturity dates)	**57,644,515**	**33,970,656**	**79,938,643**	**96,174,026**	**36,636,599**	**304,364,439**

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**

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 instrumentand 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 ratecontracts 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, 2017	Up to 1 month	One to three months	Three months to one year	One year to five years	Total
Liabilities					
Derivatives financial instruments					
- Foreign exchange derivatives	28,136	15,784	11,627	-	**55,547**
- Interest rate derivatives	100	165	38,577	102,595	**141,437**
Total	**28,236**	**15,949**	**50,204**	**102,595**	**196,984**

Off balance sheet items

Dec. 31, 2017	Up to 1 year	1-5 years	Over 5 years	Total
Letters of credit, guarantees and other commitments	47,214,887	18,219,180	6,798,552	**72,232,619**
Total	**47,214,887**	**18,219,180**	**6,798,552**	**72,232,619**

	Up to 1 year	1-5 years	Total
Credit facilities commitments	1,295,563	5,728,813	7,024,376
Total	**1,295,563**	**5,728,813**	**7,024,376**

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, 2017	**Dec.31, 2016**	**Dec.31, 2017**	**Dec.31, 2016**
Financial assets				
Due from banks	45,319,766	58,011,034	44,782,984	56,270,958
Gross loans and advances to banks	1,383	161,451	1,383	161,451
Gross loans and advances to customers	102,400,022	97,305,514	96,397,613	99,578,137
Financial investments				
Held to Maturity	45,167,722	53,924,936	45,595,034	51,541,583
Total financial assets	**192,888,893**	**209,402,935**	**186,777,014**	**207,552,129**
Financial liabilities				
Due to banks	1,877,918	3,008,996	1,813,466	2,924,416
Due to customers	250,723,052	231,740,795	245,616,661	234,065,309
Long term loans	3,674,736	160,243	3,674,736	160,243
Total financial liabilities	**256,275,706**	**234,910,034**	**251,104,863**	**237,149,968**

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 advancesrepresents 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 forshareholders 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 monthly 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 11.25%, calculated as the ratio between total value of the capital elements, and the risk-weighted assets and contingent liabilities of the Bank (credit risk, market risk and opertional risk). While taking into consideration the conservation buffer.

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, interim profits and deducting previously recognized goodwill and any retained losses

Tier two:

Tier two represents the gone concern capital which is compposed 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 tier1.

Assets risk weight scale ranging from zero to 100% is based on the counterparty risk to reflect the related credit risk scheme, taking into considration the cash collatrals. Similar criteria are used for off balance sheet items after 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, 2017	Dec.31, 2016
	EGP Thousands	EGP Thousands
Tier 1 capital		Restated**
Share capital (net of the treasury shares)	11,618,011	11,538,660
Goodwill	-	(22,981)
Reserves	10,543,783	10,542,939
Retained Earnings (Losses)	89,873	90,025
Total deductions from tier 1 capital common equity	(2,450,136)	(2,793,404)
Net profit for the period	7,515,555	-
Total qualifying tier 1 capital	**27,317,086**	**19,355,239**
Tier 2 capital		
45% of special reserve	49	49
45% of foreign currencies translation differences	-	3,865
Subordinated Loans	3,545,540	-
Impairment provision for loans and regular contingent liabilities	1,679,656	1,606,644
Total qualifying tier 2 capital	**5,225,245**	**1,610,558**
Total capital 1+2	**32,542,331**	**20,965,797**
Risk weighted assets and contingent liabilities		
Total credit risk	141,154,879	128,698,992
Total market risk	9,241,563	6,701,579
Total operational risk	18,222,831	14,696,762
Total	168,619,273	150,097,333
***Capital adequacy ratio (%)**	**19.30%**	**13.97%**

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

***After 2016 profit distribution.*

2. Leverage ratio

	Dec.31, 2017	Dec.31, 2016
	EGP Thousands	EGP Thousands
		Restated**
Total qualifying tier 1 capital	**27,317,086**	**19,355,239**
On-balance sheet items & derivatives	300,593,997	271,962,373
Off-balance sheet items	44,965,272	41,080,543
Total exposures	**345,559,269**	**313,042,916**
***Percentage**	**7.91%**	**6.18%**

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

***After 2016 profit distribution.*

For December 2017 NSFR ratio record 195.33% (LCY 232.44% and FCY 152.27%), and LCR ratio record 1018.68% (LCY 626.59% and FCY 377.14%).

For December 2016 NSFR ratio record 183.3% (LCY 234.4% and FCY 140.0%), and LCR ratio record 1116.8% (LCY 1769.8% and FCY 434.8%) .

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, 2017	Corporate banking	SME's	Investment banking	Retail banking	Asset Liability Mangement	Total
Revenue according to business segment	5,656,651	2,342,539	2,955,690	4,841,757	639,646	**16,436,283**
Expenses according to business segment	(3,550,176)	(696,877)	(105,293)	(1,780,505)	(7,226)	(6,140,077)
Profit before tax	**2,106,475**	**1,645,662**	**2,850,397**	**3,061,252**	**632,420**	**10,296,206**
Tax	(576,762)	(442,854)	(767,053)	(823,795)	(170,187)	**(2,780,651)**
Profit for the year	**1,529,713**	**1,202,808**	**2,083,344**	**2,237,457**	**462,233**	**7,515,555**
Total assets	**82,149,279**	**2,352,091**	**137,645,556**	**18,444,909**	**54,190,257**	**294,782,092**

Dec.31, 2016	Corporate banking	SME's	Investment banking	Retail banking	Asset Liability Mangement	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	**107,923,620**	**3,826,756**	**101,472,259**	**15,011,250**	**39,309,870**	**267,543,755**

5.2. By geographical segment

EGP Thousands

Dec. 31, 2017	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	13,445,181	2,499,912	491,190	16,436,283
Expenses according to geographical segment	(5,306,193)	(670,176)	(163,708)	(6,140,077)
Profit before tax	**8,138,988**	**1,829,736**	**327,482**	**10,296,206**
Tax	(2,200,134)	(492,390)	(88,127)	(2,780,651)
Profit for the year	**5,938,854**	**1,337,346**	**239,355**	**7,515,555**
Total assets	**265,665,575**	**22,598,945**	**6,517,572**	**294,782,092**

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**

6. Net interest income

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
Interest and similar income		
- Banks	3,532,278	2,568,172
- Clients	10,921,054	6,656,743
Total	**14,453,332**	**9,224,915**
Treasury bills and bonds	14,039,447	9,794,089
Financial investments in held to maturity and available for sale debt instruments	178,391	125,214
Total	**28,671,170**	**19,144,218**
Interest and similar expense		
- Banks	(463,409)	(111,249)
- Clients	(15,686,959)	(9,010,782)
Total	**(16,150,368)**	**(9,122,031)**
Financial instruments purchased with a commitment to re-sale (Repos)	(2,037)	(153)
Other loans	(14,750)	(4,328)
Total	**(16,167,155)**	**(9,126,512)**
Net interest income	**12,504,015**	**10,017,706**

7. Net fee and commission income

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
Fee and commission income		
Fee and commissions related to credit	1,362,658	965,388
Custody fee	117,268	69,967
Other fee	1,197,018	930,174
Total	**2,676,944**	**1,965,529**
Fee and commission expense		
Other fee paid	(624,278)	(417,573)
Total	**(624,278)**	**(417,573)**
Net income from fee and commission	**2,052,666**	**1,547,956**

8. Dividend income

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
Trading securities	11,475	5,045
Available for sale securities	23,039	29,191
Total	**34,514**	**34,236**

9. Net trading income

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
Profit (Loss) from foreign exchange	764,732	603,565
Profit (Loss) from forward foreign exchange deals revaluation	(17,118)	12,947
Profit (Loss) from interest rate swaps revaluation	(23,732)	(15,055)
Profit (Loss) from currency swap deals revaluation	(21,230)	38,472
Trading debt instruments	589,563	675,253
Total	**1,292,215**	**1,315,182**

10. Administrative expenses

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
1.Staff costs		
Wages and salaries	(1,620,326)	(1,188,799)
Social insurance	(65,033)	(50,542)
Other benefits	(51,682)	(44,146)
2.Other administrative expenses	**(1,375,467)**	**(1,149,165)**
Total	**(3,112,508)**	**(2,432,652)**

11. Other operating (expenses) income

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
Profits (losses) from non-trading assets and liabilities revaluation	(61,065)	(682,556)
Profits from selling property, plant and equipment	607	1,682
Release (charges) of other provisions	(114,725)	(72,442)
Other income/expenses	(888,285)	(483,871)
Total	**(1,063,468)**	**(1,237,187)**

12. Impairment charge for credit losses

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
Loans and advances to customers	(1,742,281)	(892,874)
Total	**(1,742,281)**	**(892,874)**

13. Adjustments to calculate the effective tax rate

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
Profit before tax	10,320,256	8,147,813
Tax rate	22.50%	22.50%
Income tax based on accounting profit	**2,322,058**	**1,833,258**
Add / (Deduct)		
Non-deductible expenses	379,390	922,754
Tax exemptions	(173,358)	(127,439)
Effect of provisions	256,358	(584,097)
Depreciation	(6,797)	42,922
10% Withholding tax	3,000	6,485
Income tax / Deferred tax	**2,780,651**	**2,093,883**
Effective tax rate	**26.94%**	**25.70%**

14. Earning per share

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
Net profit for the year, available for distribution	7,549,043	5,948,258
Board member's bonus	(113,236)	(89,224)
Staff profit sharing	(754,904)	(594,826)
***Profits shareholders' Stake**	**6,680,903**	**5,264,208**
Weighted Average number of shares	**1,159,156**	**1,159,156**
Basic earning per share	**5.76**	**4.54**
By issuance of ESOP earning per share will be:		
Average number of shares including ESOP shares	1,177,722	1,176,718
Diluted earning per share	**5.67**	**4.47**

**Based on separate financial statement profits.*

15. Cash and balances with central bank

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
Cash	5,784,303	5,083,805
Obligatory reserve balance with CBE		
- Current accounts	8,878,986	5,438,235
Total	**14,663,289**	**10,522,040**
Non-interest bearing balances	**14,663,289**	**10,522,040**

16. Due from banks

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
Current accounts	2,679,189	4,090,352
Deposits	42,640,577	53,920,682
Total	**45,319,766**	**58,011,034**
Central banks	15,863,399	37,447,892
Local banks	3,894,775	204,309
Foreign banks	25,561,592	20,358,833
Total	**45,319,766**	**58,011,034**
Non-interest bearing balances	-	33
Fixed interest bearing balances	45,319,766	58,011,001
Total	**45,319,766**	**58,011,034**
Current balances	45,319,766	58,011,034

17. Treasury bills and other governmental notes

	Dec.31, 2017 EGP Thousands	Dec.31, 2016 EGP Thousands
91 Days maturity	-	1,051,375
182 Days maturity	1,289,425	4,350,975
364 Days maturity	57,602,997	36,010,730
Unearned interest	(4,238,574)	(2,196,693)
Total 1	**54,653,848**	**39,216,387**
Repos - treasury bills	(175,646)	(39,203)
Total 2	**(175,646)**	**(39,203)**
Net	**54,478,202**	**39,177,184**

18. Trading financial assets

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Debt instruments		
- Governmental bonds	6,728,843	1,933,420
Total	**6,728,843**	**1,933,420**
Equity instruments		
- Mutual funds	99,587	180,157
Total	**99,587**	**180,157**
- Portfolio managed by others	466,767	331,557
Total	**7,295,197**	**2,445,134**

19. Loans and advances to banks, net

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Time and term loans	1,383	161,451
Less:Impairment provision	(70)	(1,800)
Total	**1,313**	**159,651**
Current balances	1,313	110,053
Non-current balances	-	49,598
Total	**1,313**	**159,651**

Analysis for impairment provision of loans and advances to banks

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Beginning balance	(1,800)	(9,899)
Release during the year	1,697	20,368
Exchange revaluation difference	33	(12,269)
Ending balance	**(70)**	**(1,800)**

20. Loans and advances to customers, net

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Individual		
- Overdraft	1,780,416	1,901,875
- Credit cards	2,899,930	2,423,125
- Personal loans	13,910,837	10,745,352
- Real estate loans	416,616	306,930
- Other loans	-	20,838
Total 1	**19,007,799**	**15,398,120**
Corporate		
- Overdraft	12,450,826	12,452,698
- Direct loans	44,200,770	44,503,511
- Syndicated loans	26,627,825	24,840,803
- Other loans	112,802	110,382
Total 2	**83,392,223**	**81,907,394**
Total Loans and advances to customers (1+2)	**102,400,022**	**97,305,514**
Less:		
Unamortized bills discount	(12,476)	(5,533)
Impairment provision	(10,994,446)	(9,818,007)
Unearned interest	(2,965,997)	(2,257,826)
Net loans and advances to customers	**88,427,103**	**85,224,148**
Distributed to		
Current balances	38,960,491	36,671,277
Non-current balances	49,466,612	48,552,871
Total	**88,427,103**	**85,224,148**

Analysis for impairment provision of loans and advances to customers

Dec. 31, 2017	Individual					
	Overdraft	Credit cards	Personal loans	Real estate loans	Other loans	Total
Beginning balance	(11,166)	(25,056)	(190,592)	(7,801)	(20,838)	**(255,453)**
Released (charged) released during the year	(5,556)	(15,328)	(37,906)	(3,743)	20,838	**(41,695)**
Write off during the year	13,425	36,477	1,561	2,080	-	**53,543**
Recoveries during the year	-	(21,760)	(59)	(32)	-	**(21,851)**
Ending balance	**(3,297)**	**(25,667)**	**(226,996)**	**(9,496)**	-	**(265,456)**

Dec. 31, 2017	Corporate				
	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Beginning balance	(1,342,010)	(6,442,227)	(1,775,873)	(2,444)	**(9,562,554)**
Released (charged) released during the year	(387,038)	(1,125,372)	(189,364)	(509)	**(1,702,283)**
Write off during the year	-	382,185	-	-	**382,185**
Recoveries during the year	-	(23,054)	-	-	**(23,054)**
Exchange revaluation difference	21,921	100,778	54,011	6	**176,716**
Ending balance	**(1,707,127)**	**(7,107,690)**	**(1,911,226)**	**(2,947)**	**(10,728,990)**

Dec. 31, 2016	Individual					
	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)**

Dec. 31, 2016	Corporate				
	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)**

21. Derivative financial instruments

21.1Derivatives

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 year for a predetermined mamount 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, 2017			Dec.31, 2016		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Foreign currencies derivatives						
- Forward foreign exchange contracts	6,820,350	36,597	49,687	2,174,176	182,508	178,479
- Currency swap	1,640,985	3,117	5,860	2,662,940	79,890	61,404
Total 1		**39,714**	**55,547**		**262,398**	**239,883**
Interest rate derivatives						
- Interest rate swaps	-	-	-	34,706	144	-
Total 2		-	-		**144**	-
Total assets (liabilities) for trading derivatives (1+2)		**39,714**	**55,547**		**262,542**	**239,883**

21.1.2 Fair value hedge

	Dec.31, 2017			Dec.31, 2016		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Interest rate derivatives						
- Governmental debt instruments hedging	655,925	-	25,996	675,861	-	45,629
- Customers deposits hedging	11,506,784	287	115,441	16,382,128	6,727	45,579
Total 3		**287**	**141,437**		**6,727**	**91,208**
Total financial derivatives (1+2+3)		**40,001**	**196,984**		**269,269**	**331,091**

21.2. Hedging derivatives

21.2.1Fair 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 governmentaldebt instruments in foreign currencies. Net derivative value resulting from the related hedging instruments is EGP 25,996 thousand at December 31, 2017 against EGP 45,629 thousand at the December 31, 2016, Resulting in gains form hedging instruments at December 31, 2017 EGP 19,633 thousand against losses EGP 19,333 thousand at the December 31, 2016. Losses arose from the hedged items at December 31, 2017 reached EGP 44,924 thousand against losses of EGP 30,579 thousand at December 31, 2016.

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 115,154 thousand at the end of December 31, 2017 against EGP 38,852 thousand at December 31, 2016, resulting in losses from hedging instruments at December 31, 2017 of EGP 76,302 thousand against losses of EGP 28,916 thousand at December 31, 2016. Gains arose from the hedged items at December 31, 2017 reached EGP 81,488 thousand against gains EGP 56,314 thousand at December 31 , 2016.

22. Financial investments

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Available for sale		
- Listed debt instruments with fair value	29,632,780	4,709,487
- Listed equity instruments with fair value	83,346	97,631
- Unlisted instruments	758,655	640,173
Total	**30,474,781**	**5,447,291**
Held to maturity		
- Listed debt instruments	45,135,209	53,892,423
- Unlisted instruments	32,513	32,513
Total	**45,167,722**	**53,924,936**
Total financial investment	**75,642,503**	**59,372,227**
- Actively traded instruments	73,721,199	57,097,553
- Not actively traded instruments	1,921,304	2,274,674
Total	**75,642,503**	**59,372,227**
Fixed interest debt instruments	72,612,620	56,090,139
Floating interest debt instruments	2,155,369	2,511,772
Total	**74,767,989**	**58,601,911**

	Available for sale financial investments	Held to maturity financial investments	Total EGP Thousands
Beginning balance	46,289,075	9,261,220	**55,550,295**
Addition	3,334,122	44,667,810	**48,001,932**
Deduction (selling - redemptions)	(46,335,658)	(4,094)	**(46,339,752)**
Exchange revaluation differences for foreign financial assets	2,219,961	-	**2,219,961**
Profit (losses) from fair value difference	42,132	-	**42,132**
Impairment charges	(102,341)	-	**(102,341)**
Ending Balance as of Dec. 31, 2015	**5,447,291**	**53,924,936**	**59,372,227**
Beginning balance	**5,447,291**	**53,924,936**	**59,372,227**
Addition/transfer	**25,868,230**	**4,597,254**	**30,465,484**
Deduction (selling - redemptions - transfer)	**(1,361,027)**	**(13,354,468)**	**(14,715,495)**
Exchange revaluation differences for foreign financial assets	**(100,078)**	-	**(100,078)**
Profit (losses) from fair value difference	**512,016**	-	**512,016**
Impairment charges	**108,349**	-	**108,349**
Ending Balance as of Dec. 31, 2016	**30,474,781**	**45,167,722**	**75,642,503**

22.1 Profits (Losses) on financial investments

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Profit (Loss) from selling available for sale financial instruments	(99,047)	35,193
Released (Impairment) charges of available for sale equity instruments	254,588	(102,078)
Profit (Loss) from selling investments in associates	-	(90,447)
Released (Impairment) charges of non current assets held for sale	9,570	131,799
Total	**165,111**	**(25,533)**

23. Investments in associates

EGP Thousands

Dec. 31, 2017	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	512,388	367,470	505,461	52,695	65,039	32.5
Total		**512,388**	**367,470**	**505,461**	**52,695**	**65,039**	

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**	

24. Other assets

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Accrued revenues	3,870,454	3,318,761
Prepaid expenses	230,296	144,422
Advances to purchase of fixed assets	522,211	203,410
Accounts receivable and other assets	2,193,590	1,691,603
Assets acquired as settlement of debts	45,083	56,599
Insurance	24,973	19,768
Total	**6,886,607**	**5,434,563**

25. Property, plant and equipment

	Dec. 31, 2017							EGP Thousands
	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total
Beginning gross assets (1)	64,709	919,258	1,395,638	87,660	607,773	459,572	144,454	**3,679,064**
Additions during the year	-	77,371	250,549	1,703	50,570	57,191	7,235	**444,619**
Ending gross assets (2)	**64,709**	**996,629**	**1,646,187**	**89,363**	**658,343**	**516,763**	**151,689**	**4,123,683**
Accumulated depreciation at beginning of the year (3)	-	315,192	1,029,244	47,904	468,368	372,522	124,929	**2,358,159**
Current year depreciation	-	44,507	176,155	5,184	70,311	47,595	7,253	**351,005**
Accumulated depreciation at end of the year (4)	-	**359,699**	**1,205,399**	**53,088**	**538,679**	**420,117**	**132,182**	**2,709,164**
Ending net assets (2-4)	**64,709**	**636,930**	**440,788**	**36,275**	**119,664**	**96,646**	**19,507**	**1,414,519**
Beginning net assets (1-3)	**64,709**	**604,066**	**366,394**	**39,756**	**139,405**	**87,050**	**19,525**	**1,320,905**
Depreciation rates		**%5**	**%33.3**	**%20**	**%33.3**	**%20**	**%20**	

Net fixed assets value on the balance sheet date includes EGP 353,462 thousand non registered assets while their registrations procedures are in process.

26. Due to banks

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Current accounts	1,067,374	271,470
Deposits	810,544	2,737,526
Total	**1,877,918**	**3,008,996**
Central banks	128,527	163,420
Local banks	714,294	2,636,009
Foreign banks	1,035,097	209,567
Total	**1,877,918**	3,008,996
Non-interest bearing balances	740,158	545,463
Fixed interest bearing balances	1,137,760	2,463,533
Total	**1,877,918**	**3,008,996**
Current balances	**1,877,918**	**3,008,996**

27. Due to customers

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Demand deposits	72,442,872	60,068,884
Time deposits	49,952,470	57,478,218
Certificates of deposit	70,486,930	69,215,320
Saving deposits	53,075,098	38,519,158
Other deposits	4,765,682	6,459,215
Total	**250,723,052**	**231,740,795**
Corporate deposits	107,753,682	110,157,621
Individual deposits	142,969,370	121,583,174
Total	**250,723,052**	**231,740,795**
Non-interest bearing balances	43,229,085	26,385,328
Fixed interest bearing balances	207,493,967	205,355,467
Total	**250,723,052**	**231,740,795**
Current balances	178,786,275	159,492,892
Non-current balances	71,936,777	72,247,903
Total	**250,723,052**	**231,740,795**

28. Long term loans

	Interest rate %	Maturity date	Maturing through next year EGP Thousands	Balance on Dec. 31, 2017 EGP Thousands	Balance on Dec. 31, 2016 EGP Thousands
Financial Investment & Sector Cooperation (FISC)	3.5 - 5.5 depends on maturity date	3-5 years	-	-	2,778
Agricultural Research and Development Fund (ARDF)	3.5 - 5.5 depends on maturity date	3-5 years	83,886	87,314	88,800
Social Fund for Development (SFD)	3 months T/D or 9% which is more	4 January 2020	41,882	41,882	68,665
European Bank for Reconstruction and Development (EBRD) subordinated Loan	3 months libor + 6.2%	10 years	-	1,772,770	-
International Finance Corporation (IFC) subordinated Loan	3 months libor + 6.2%	10 years	-	1,772,770	-
Balance			**125,768**	**3,674,736**	**160,243**

The variable interest rate on the subordinated loan is determined in advance every 3 months and the subordinated loans are not repaid before their due dates.

29. Other liabilities

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Accrued interest payable	1,516,471	1,455,029
Accrued expenses	507,543	645,979
Accounts payable	**3,277,350**	**1,329,189**
Other credit balances	175,167	149,133
Total	**5,476,531**	**3,579,330**

30. Other provisions

Dec. 31, 2017	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	34,267	549	(57)	(725)	(29)	34,005
Provision for contingent	1,434,704	118,370	12,627	-	(95,398)	1,470,303
Provision for other claim	22,941	93,703	(730)	(24,738)	(2,470)	88,706
Total	**1,514,057**	**212,622**	**11,840**	**(25,463)**	**(97,897)**	**1,615,159**

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**

** To face the potential risk of banking operations.*

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 11,618,011 thousand to be divided on 1,161,801 thousand shares with EGP 10 par value for each share"and registered in the commercial register dated 17th May 2017.

- Increase issued and Paid in Capital by amount EGP 79,351 thousand on May 24,2017 to reach EGP 11,618,011 thousand according to Board of Directors decision on November 9, 2016 by issuance of eighth tranche for E.S.O.P program.
- 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 dispersment 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 reseve 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, 2017 EGP Thousands	Assets (Liabilities) Dec. 31, 2016 EGP Thousands
Fixed assets (depreciation)	(31,409)	(28,741)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	31,038	16,300
Intangible Assets & Good will	36,712	17,090
Other investments impairment	56,698	86,845
Reserve for employee stock ownership plan (ESOP)	110,100	79,981
Interest rate swaps revaluation	5,340	3,722
Trading investment revaluation	(37,478)	18,338
Forward foreign exchange deals revaluation	8,629	(12,227)
Balance	**179,630**	**181,308**

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, 2017 No. of shares in thousand	Dec. 31, 2016 No. of shares in thousand
Outstanding at the beginning of the year	22,351	20,373
Granted during the year	7,601	9,262
Forfeited during the year	(737)	(478)
Exercised during the year	(7,935)	(6,806)
Outstanding at the end of the year	**21,280**	**22,351**

Details of the outstanding tranches are as follows:

Maturity date	EGP Exercise price	EGP Fair value *	No. of shares in thousand
2018	10.00	31.67	5,077
2019	10.00	28.43	8,791
2020	10.00	65.55	7,412
Total			**21,280**

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

	11th tranche	10th tranche
Exercise price	10	10
Current share price	73.08	38.09
Expected life (years)	3	3
Risk free rate %	16.8%	12%
Dividend yield%	0.68%	2.50%
Volatility%	30%	31%

Volatility is calculated based on the daily standard deviation of returns for the last three years.

34. Reserves

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Legal reserve	1,332,807	1,035,363
General reserve	9,000,023	4,554,251
Retained earnings (losses)	89,873	31,462
Special reserve	32,460	30,778
Reserve for A.F.S investments revaluation difference	(1,642,958)	(2,180,243)
Banking risks reserve	3,634	3,019
Cumulative foreign currencies translation differences	-	8,588
Total	**8,815,839**	**3,483,218**

On 28 January 2018, Central Bank of Egypt issued instructions indicating the following:
Creating IFRS 9 risk reserve (1% of the total weighted credit risk) deducted from 2017 net profit after tax, to be used after obtaining CBE's approval.

34.1. Banking risks reserve

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Beginning balance	3,019	2,513
Transferred to bank risk reserve	615	506
Ending balance	**3,634**	**3,019**

34.2. Legal reserve

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Beginning balance	1,035,363	803,355
Transferred from previous year profits	297,444	232,008
Ending balance	**1,332,807**	**1,035,363**

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

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Beginning balance	(2,180,244)	(2,202,462)
Unrealized gain (loss) from A.F.S investment revaluation	537,286	22,219
Ending balance	**(1,642,958)**	**(2,180,243)**

34.4. Retained earnings

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Beginning balance	31,462	(64,566)
Dividend previous year	-	(3,896)
Change in ownership percentage	-	11,666
Transferred from special reserve	(152)	-
Transferred to retained earnings (losses)	-	88,258
Transferred from previous year profits	58,563	-
Ending balance	**89,873**	**31,462**

35. Cash and cash equivalent

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Cash and balances with central bank	14,663,289	10,522,040
Due from banks	45,319,766	58,011,034
Treasury bills and other governmental notes	54,478,202	39,177,184
Obligatory reserve balance with CBE	(8,878,986)	(5,438,235)
Due from banks with maturities more than three months	(1,719,586)	(2,565,895)
Treasury bills with maturities more than three months	(54,653,848)	(38,187,428)
Total	**49,208,837**	**61,518,700**

36. Contingent liabilities and commitments

36.1. Legal claims

There is a number of existing cases filed against the bank on December 31,2017 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 166,798 thousand as follows:

	Investments value	Paid	Remaining
Available for sale financial investments	368,650	201,853	**166,798**

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 196,284 thousand.

36.3. Letters of credit, guarantees and other commitments

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Letters of guarantee	69,514,413	65,575,370
Letters of credit (import and export)	1,700,516	2,382,849
Customers acceptances	1,017,690	650,607
Total	**72,232,619**	**68,608,826**

36.4. Credit facilities commitments

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Credit facilities commitments	**7,024,376**	7,245,061

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 4,500,204 with redeemed value of EGP 1,408,654 thousands.
- The market value per certificate reached EGP 313.02 on December 31, 2017.
- The Bank portion got 295,425 certificates with redeemed value of EGP 92,474 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 518,708 with redeemed value of EGP 96,366 thousands.
- The market value per certificate reached EGP 185.78 on December 31, 2017.
- The Bank portion got 128,000 certificates with redeemed value of EGP 23,780 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 334,711 with redeemed value of EGP 33,752 thousands.
- The market value per certificate reached EGP 100.84 on December 31, 2017.
- The Bank portion got 39,000 certificates with redeemed value of EGP 3,933 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 96,452 with redeemed value of EGP 18,281 thousands.
- The market value per certificate reached EGP 189.53 on December 31, 2017.
- The Bank portion got 50,000 certificates with redeemed value of EGP 9,477 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 94,470 with redeemed value of EGP 18,237 thousands.
- The market value per certificate reached EGP 193.05 on December 31, 2017.
- The Bank portion got 50,000 certificates with redeemed value of EGP 9,653 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 139,586 with redeemed value of EGP 23,241 thousands.
- The market value per certificate reached EGP 166.50 on December 31, 2017.
- The Bank portion got 50,000 certificates with redeemed value of EGP 8,325 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	5,936
Deposits	64,779
Contingent liabilities	1,372

38.2. Other transactions with related parties

	Income EGP Thousands	Expenses EGP Thousands
International Co. for Security & Services	185	228,429

39. Main currencies positions

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Egyptian pound	182,639	1,371,677
US dollar	(313,246)	(1,360,474)
Sterling pound	(1,566)	266
Japanese yen	(523)	851
Swiss franc	637	25
Euro	46,768	4,440

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.

The Bank's corporate income tax has been examined and paid for the period 2015 - 2016.

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 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 31/12/2016 according to the protocol between the Federation of Egyptian banks and the tax authority.

41. Intangible assets:

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Book value	651,041	651,041
Amortization	(282,118)	(151,910)
Net book value	**368,923**	**499,131**

According to CBE's regulation issued on Dec 16, 2008, an annual amortization of 20% has been applied on intangible assets starting from acquisition date.

42. Non current assets held for sale

Assets

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Due from banks	-	653,742
Treasury bills and other governmental notes	-	21,214
Trading financial assets	-	36,894
Brokerage clients - debit balances	-	463,052
Financial investments available for sale	-	9,850
Goodwill	-	22,981
Other assets	-	3,576,254
Property, plant and equipment	-	106,451
Total	-	**4,890,438**

Liabilities

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Brokerage clients - credit balances	-	616,845
Due to customers	-	19,589
Other liabilities	-	2,972,202
Current tax liabilities	-	37,214
Other provisions	-	38,826
Total	-	**3,684,676**
Minority interest	-	89,689
	-	3,774,365
Net	-	**1,116,073**

43. Profits from disposal of investments in subsidaries

	Dec. 31, 2017 EGP Thousands	Dec. 31, 2016 EGP Thousands
Profits from disposal of investments in subsidaries	168,900	-
Total	**168,900**	-

On the 2nd of March 2017, the Egyptian Financial Supervisory Authority (EFSA) granted the bank its non-objection on a number of non-related Egyptian and Gulf investors for the sale of part of its ownership stake in CI Capital Holding ("CI Capital"), CIB has successfully executed the transfer of 76.55% of CICH's shares.

CIB has executed the transfer of 13.44% of CICH's shares and remained a minority stake of 10.00% of CI Capital Holding.

Minority stake has been transferred to available for sale due to the bank's intention for maintaining the ownership percentage of such investment.

	"CI Capital Holding Co. S.A.E"
	Dec. 31, 2017 EGP Thousands
Subsidary net assets	(701,170)
Less:	
Add/Deduct:	
FX translation reserve	8,588
Non-controling interests	157,127
"CI Capital Holding Co. S.A.E sold stocks (Net)"	**704,355**
Net	168,900

Although the effective date of selling process is 20 March 2017, however, for the purpose of facilitating the calculation of the value of profits arising from the sale of shares, the net assets of the subsidary as at 31 December 2016 were adjusted by 2017 first quarter financial statements which is the earliest reliable date in the calculation of CI Capital shares selling profit.

Important Events

On 28 January 2018, the Central Bank of Egypt issued instructions on the following:

IFRS 9 will be applied starting from 1st of January 2019. The bank will issue audited financial statements under the current CBE regulations as at 31 March 2018, in addition to issuing a drafted financial statements in compliance with the new instructions recieved from CBE regarding IFRS 9.

"IFRS 9 risk reserve has been created (1% of the total weighted credit risk) of 2017 net profit after tax, to be used after obtaining the"CBE's consent.