" Financial Statements "

For The Period Ended 30 September 2018

Crédit Agricole Egypt

CRÉDIT AGRICOLE
A whole bank just for you

CREDIT AGRICOLE - EGYPT

Egyptian Joint Stock Company
Consolidated Financial Statements
And Auditors' Limited Report
For The Period Ended 30 September 2018

EY Allied for Accounting & Auditing
Public Accountants & Consultants

KPMG Hazem Hassan
Public Accountants & Consultants

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Review Report on Interim Financial Statements

To : Credit Agricole Egypt (SAE) Board of Directors

Introduction

We have performed a limited review on the accompanying Consolidated statement of balance sheet of Credit Agricole Egypt (SAE) as of 30 September 2018 and the related Consolidated statements of income, changes in equity and cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the Central Bank of Egypt's rules issued on December 16, 2008. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with the Egyptian standard on review engagements (2410) "Limited Review of Interim Financial Statement Performed by the Independent Auditor of the Entity". A limited review of Consolidated interim financial statements consists of making inquiries , primarily of persons responsible for financial and accounting matters in the Bank , and applying analytical and other limited review procedures . A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit . Accordingly, we do not express an audit opinion on these Consolidated interim financial statements.

Conclusion

Based on our limited review , nothing has come to our attention that causes us to believe that accompanying Consolidated interim financial statements do not present fairly , in all material respects, the Consolidated financial position of the Bank as of 30 September 2018 and of its Consolidated financial performance and its Consolidated cash flows for the nine months then ended in accordance with the central bank of Egypt's rules issued on December 16, 2008 and in the light of the prevailing Egyptian laws and regulations relating to the preparation of these Consolidated interim financial statements .

<u>Auditors</u>

Ashraf Mohamed Mohamed Ismael
EY Allied for Accounting & Auditing
Public Accountants & Consultants

Salah Elmissary
KPMG Hazem Hassan
Public Accountants & Consultants

Cairo 12 November 2018

كريدي أجريكول مصر
CRÉDIT AGRICOLE EGYPT

Consolidated Balance Sheet - At 30 September 2018

(All amounts are in thousand Egyptian pounds)

	Notes	30 September 2018	31 December 2017
Assets			
Cash and due from Central Bank of Egypt	15	4,691,805	4,840,031
Due from banks	16	11,216,440	11,449,895
Treasury bills	17	11,675,866	7,968,332
Held for trading investments	18	9,795	63,018
Loans to banks	19	118,642	201,460
Loans and advances to customers	20	19,982,453	16,672,065
Derivative financial instruments	21	2,341	9,824
Financial Investments			
- Available for sale investments	22	3,825,660	3,096,990
- Held to maturity investments	22	76,634	76,634
Other assets	23	609,480	501,105
Intangible assets	24	97,270	75,081
Fixed assets (net)	25	596,263	562,635
Deferred Tax		-	14
Total assets		**52,902,649**	**45,517,084**
Liabilities and Owners' Equity			
Liabilities			
Due to banks	26	415,951	91,194
Treasury bills Sold with repurchase agreements	27	2,300	1,189
Customers' deposits	28	43,480,169	37,079,692
Derivative financial instruments	21	5,310	23,326
Long term loan	29	597,513	545,196
Other liabilities	30	2,168,595	1,754,084
Current income tax liability		256,081	314,118
Other provisions	31	248,541	238,376
Retirement benefit obligations	32	110,339	110,339
Total liabilities		**47,284,799**	**40,157,514**
Owners' Equity			
Paid-in Capital	33	1,243,668	1,243,668
Reserves	34	648,778	389,563
Retained earnings	34	3,725,386	3,726,322
		5,617,832	**5,359,553**
Minority interest		18	17
Total owners' equity		**5,617,850**	**5,359,570**
Total liabilities and owners' equity		**52,902,649**	**45,517,084**

Pierre Finas
Managing Director

- November 07, 2018
- The accompanying notes are an integral part of these financial statements.
- Auditors' limited report attached

CRÉDIT AGRICOLE EGYPT

Consolidated Statement of Income for the period ended 30 September 2018

(All amounts are in thousand Egyptian pounds)

	Notes	From 1/1/2018 To 30/9/2018	From 1/1/2017 To 30/9/2017	From 1/7/2018 To 30/9/2018	From 1/7/2017 To 30/9/2017
Interest on loans and similar income	6	4,078,838	3,505,256	1,455,125	1,271,938
Interest expenses and similar charges	6	(1,906,368)	(1,436,478)	(700,841)	(529,888)
Net interest income		**2,172,470**	**2,068,778**	**754,284**	**742,050**
Fees and commission income	7	664,386	661,448	227,510	229,252
Fees and commission expense	7	(170,989)	(153,966)	(59,213)	(56,499)
Net fee and commission income		**493,397**	**507,482**	**168,297**	**172,753**
Dividend income	8	5,648	3,379	425	2,218
Net trading income	9	151,759	234,616	53,324	81,602
Gains from financial investments	10	12,064	35,108	4,626	12,511
Impairment income (charge) for credit losses	11	81,096	(71,163)	13,298	15,253
Administrative expenses	12	(791,364)	(772,697)	(274,368)	(251,536)
Other operating income	13	(9,000)	(44,764)	12,130	(42,821)
Profit before income tax		**2,116,070**	**1,960,739**	**732,016**	**732,030**
Income tax expense	14	(440,500)	(463,111)	(147,458)	(176,078)
Profit for the period		**1,675,570**	**1,497,628**	**584,558**	**555,952**
Mother company share		1,675,569	1,497,628	584,557	555,952
Minority share		1	-	1	-
		1,675,570	**1,497,628**	**584,558**	**555,952**

The accompanying notes are an integral part of these financial statements.

Consolidated statement of changes in owners' equity for the period ended 30 September 2018

(All amounts are in thousand Egyptian pounds)	Paid in capital	Reserves	Retained earnings	Mother company share	Minority Interest	Total
30 September 2017						
Balance as at 1 January 2017 as previously issued	1,243,668	283,608	2,473,822	4,001,098	17	4,001,115
Dividends relating to 2016	-	-	(683,672)	(683,672)	(1)	(683,673)
Transfer to Capital reserves	-	18,381	(18,381)	-	-	-
Transfer to Legal reserves	-	601	(601)	-	-	-
Net change in fair value of available for sale investments, net of tax	-	108,490	-	108,490	-	108,490
Net profit for the period	-	-	1,497,628	1,497,628	-	1,497,628
Balance as at 30 September 2017	**1,243,668**	**411,080**	**3,268,796**	**4,923,654**	**16**	**4,923,560**
30 September 2018						
Balance as at 1 January 2018 as previously issued	1,243,668	389,563	3,731,173	5,364,404	17	5,364,421
Dividends relating to 2017	-	-	(1,364,961)	(1,364,961)	-	(1,364,961)
Transfer to Capital reserves	-	4,242	(4,242)	-	-	-
Transfer to IFRS 9 Risk reserves	-	214,098	(214,098)	-	-	-
Transfer to Legal reserves	-	98,055	(98,055)	-	-	-
Net change in fair value of available for sale investments, net of tax	-	(57,180)	-	(57,180)	-	(57,180)
Net profit for the period	-	-	1,675,569	1,675,569	1	1,675,570
Balance as at 30 September 2018	**1,243,668**	**648,778**	**3,725,386**	**5,617,832**	**18**	**5,617,850**

The accompanying notes are an integral part of these financial statements

كريدي أجريكول مصر
CRÉDIT AGRICOLE EGYPT

Consolidated Statement of Cash Flows the period ended 30 September 2018

(All amounts are in thousand Egyptian pounds)	For the nine months ended	
	30/9/2018	30/9/2017
Cash flows from operating activities		
Net profit before tax	2,116,070	1,960,739
Adjustments to reconcile net profit to cash flow from operating activities:		
Depreciation and amortization	62,705	54,610
Impairment (income) charge for Loans	(81,096)	71,163
Other provision (income) charges	12,283	55,316
Used provision - other than loans provision	(3,620)	(458)
Amortization of discount on available for sale investments	(10,837)	(2,372)
Foreign currencies revaluation of provisions rather than LLP	1,502	(3,302)
Foreign currencies revaluation of investments rather than TRD	19	(3,712)
Foreign currencies revaluation of other loans	5,604	-
Losses (Profit) on acquired assets	207	(295)
(Profit) on sale of fixed assets	(1)	(4,232)
Operating profit before changes in operating assets & liabilities	**2,102,836**	**2,127,457**
Net decrease (increase) in assets and liabilities		
Due from CBE	838,170	(309,845)
Due from banks	2,170,640	(1,801,215)
Treasury bills	(3,138,858)	1,098,257
Held for trading investments	53,223	236,033
Loans and advances to customers & banks	(3,147,325)	639,800
Derivative financial instruments (net)	(10,533)	10,009
Other assets	(107,524)	8,331
Due to banks	324,757	(381,012)
Customers' deposits	6,400,477	124,901
Other liabilities	415,622	33,570
Income taxes paid	(498,537)	(424,911)
Net cash generated from (used in) operating activities	**5,402,948**	**1,361,375**
Cash flows from investing activities		
Purchase of fixed assets and branches leasehold improvements	(118,522)	(28,514)
Proceeds from sale of fixed assets	(206)	4,661
Proceeds from sale / redemption of securities other investments	867,836	440,051
Purchases of securities other than trading other investments	(1,642,868)	(778,187)
Net cash (used in) investing activities	**(893,760)**	**(361,989)**
Cash flows from financing activities		
Other Loans	46,713	522,932
Dividends paid	(1,364,961)	(683,672)
Net cash (used in) financing activities	**(1,318,248)**	**(160,740)**

Net cash and cash equivalents during the period	3,190,940	838,646
Cash and cash equivalents at beginning of the period	9,132,835	11,233,721
Cash and cash equivalents at end of the period	**12,323,775**	**12,072,367**
Cash and cash equivalents are represented in :		
Cash and due from Central Bank of Egypt	4,691,805	3,288,334
Due from banks	11,216,440	13,960,551
Treasury bills	11,675,866	8,852,148
Balances with Central Bank of Egypt (Reserve ratio)	(2,771,191)	(1,616,681)
Deposits with banks (Maturity more than three months)	(1,513,130)	(3,773,906)
Treasury bills (Maturity more than three months)	(10,976,015)	(8,638,079)
Cash and cash equivalents at end of the period	**12,323,775**	**12,072,367**

The accompanying notes are an integral part of these financial statements.

1. General Information

Credit Agricole - Egypt Bank (S.A.E.) provides corporate banking, retail, and investment banking services in the Arab Republic of Egypt and foreign countries through its head office at 5th Settlement and 79 branches, that employs over 2405 people at the balance sheet date.

The bank is an Egyptian Joint Stock Company and is incorporated in accordance with law 159 of 1981 in the Arab Republic of Egypt. The head office of the bank is at the Touristic Area, land piece (9/10/11/12/13), 5th Settlement, Cairo Governance, Egypt. The bank is listed in Cairo and Alexandria Stock Exchanges.

The EHFC (SAE) was founded in accordance with the provisions of Law No. 159 of 1981 and its Regulations, as amended by Law No. 3 of 1998, taking into account the provisions of Law No. 95 of 1992 and its executive regulations and the law of the Mortgage Finance No. 148 of 2001 and its executive regulations and the company specialized in the activity of real estate finance.

The Bank has a number of 9,999,000 shares by ownership of 99.99% of the total capital of the company, The Consolidated Financial Statements in the financial statements of the Bank and its subsidiaries (and called together the group).

Financial statements approved on board dated November 07, 2018

2. Summary of significant 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 the years presented unless otherwise stated**.**

- **<u>Basis of preparation</u>**

  The consolidated financial statements have been prepared in accordance with the rules of preparation and presentation of the Group's financial statements issued by the Central Bank of Egypt on 16 December 2008, under the historical cost convention, as modified by the revaluation of, available-for-sale financial assets, financial assets and financial liabilities held at fair value through profit or loss and all derivatives contracts.

  The consolidated financial statements are prepared in accordance with the requirements of related applicable Egyptian laws and regulations. The group has prepared also consolidated Financial statements for the group and its subsidiaries in accordance with the Egyptian accounting standards, which are companies in which the group owns, directly or indirectly, more than half the voting rights, or has the ability to control the financial and operating policies regardless of the type of activity. The consolidated financial statements can be obtained from the group management. Investments in subsidiaries and associates are presented in the separate financial statements along with their accounting treatment with cost less impairment loss.

- **<u>Subsidiaries and associates</u>**

  - **<u>Subsidiaries</u>**

  Subsidiaries are all entities (including special purpose entities) over which the Group has owned directly or indirectly the power 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 Group controls another entity.

When consolidating, transactions and balances and unrealized profits arising from transactions between group companies are excluded, as well as unrealized losses unless they provide evidence of the existence of the erosion in the value of the parent adapter. accounting policies of subsidiaries are changed whenever necessary to ensure the application of the uniform policy was for the group

The company's are as follows:

Company Name :	Egyptian Housing Finance Company (EHFC)
Legal Status :	An Egyptian Joint Stock Company
Nationality :	Egyptian
Date of Acquisition:	December 21, 2009
Activity :	Housing Finance
Contribution ratio :	%99.99

- **Transactions with minority rights holders**

The group transactions with minority rights holders as transactions with parties outside the group. And the recognition of gains and losses resulting from the sale of minority rights in the income statement. And result in purchases of minority rights as glory represents the difference between the return paid for shares acquired and the book value of the net assets of the subsidiary.

- **Associates**

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

Purchase method of accounting has been applied to all the acquisition operations. The cost of acquisition is measured by fair value or the assets offered/ issued equity securities / liabilities incurred/ liabilities accepted in behalf of the acquired company, at the date of the exchange, plus costs directly attributed to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the entity acquired, the difference is recognized directly in the income statement into other operating income (expenses).

Investments in subsidiaries and associates are accounted for using the cost method. According to this method, investments are recognized by the acquisition cost including goodwill and deducting any impairment losses. Dividends are recognized in the income statement when they are declared and the group’s right to receive payment is established.

- **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

- **Foreign currency translation**

  - **Functional and presentation currency**

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

- **<u>Transactions and balances in foreign currency</u>**

The Group maintains its accounts in Egyptian Pound. Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities balances in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the following items in the income statement: -

- Net trading income or net income from financial instruments designated at fair value through profit or loss for trading assets.

Changes in the fair value of monetary financial instruments in foreign currency classified as available for sale debt instruments are analyzed whether revaluation differences from changes in amortized costs of the instrument, differences from changes in the prevailing exchange rates, or differences from changes in the fair value of the instrument. Revaluation differences related to changes in the amortized cost are recognized into interest income from loans and similar revenues, and those related to the changes in the exchange rates in other operating income, in the income statement. Differences from changes in the fair value are recognized among owners' equity (Fair value reserve/ Available for sale financial investments).

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available for sale financial assets, are included in the fair value reserve in equity.

- **<u>Financial assets</u>**

The group classifies its financial assets in the following categories: Financial assets at fair value through profit or loss; loans and receivables; held to maturity financial assets; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

- **<u>Financial assets at fair value through profit or loss</u>**

This category includes: financial assets held for trading, and those designated at fair value through profit or 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 near 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-taking. Derivatives are also categorized as held for trading unless they are designated as hedging instruments.

Financial assets are designated at fair value through profit or loss when:

- Doing so reduces measurement inconsistencies that would arise if the related derivative were treated as held for trading and the underlying financial instruments were carried at amortized cost for such as loans and advances to banks and clients, and debt securities in issue;
- Certain investments, such as equity investments that are managed and evaluated on a fair value in accordance with a documented risk management or investment strategy, and reported to key management personnel on that basis are designated at fair value through profit and loss.
- Financial instruments, such as debt instruments held, containing one or more embedded derivatives, significantly modify the cash flows are designated at fair value through profit and loss

○ **Loans and receivables**

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

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

○ **Held-to-maturity financial assets**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the group were to sell other than an insignificant amount except for specific situations, the entire category would be reclassified as available for sale.

○ **Available-for-sale financial assets**

Available-for-sale investments are non-derivative financial assets 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 is followed for financial assets:

- Regular-way purchases and sales of financial assets at fair value through profit or loss, held to maturity and available for sale are recognized on trade-date, the date on which the Group commits to purchase or sell the asset.

- Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement in net trading income. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when they are extinguished − that is, when the obligation is discharged, cancelled or expires.

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

- Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the year in which they arise. Gains and losses arising from changes in the fair value of available for sale financial assets are recognized directly in equity, until the financial asset is derecognized or impaired. At this time, the cumulative gain or loss previously recognized in equity is recognized in income statement.

- Interest calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available for sale are recognized in the income statement. Dividends on available for sale equity instruments are recognized in the income statement when the entity's right to receive payment is 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, the Group establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants, and if the Group could not assess the fair value of the equity instruments classified as available for sale, these instruments measured at cost less impairment.

- The group may choose to reclassify the available for sale financial assets where the definition of loans and receivables (bonds and loans) is applicable from Available for sale to Loans and receivables or Held to maturity financial assets as the group has an intent to held them for the perspective future or to the date of maturity. Reclassifications are made at fair value as of the reclassification date and any profits or losses related to these assets to be recognized in the owners' equity as follows:

- In case of the financial asset which has fixed maturity date, profits and losses are amortized over the remaining period of the for the held to maturity investments using the Effective interest rate. Any difference between the value using amortized cost and the value based on the maturity date to be amortized over the financial asset remaining period using the effective interest rate method.

- In case of the financial asset which does not have fixed maturity date, profits and losses remain in the owners' equity till the selling or disposing the financial asset. At that time they will be recognized the profits and losses. In case of the subsequently impairment of the financial asset value, any previously recognized profits or losses in owners' equity will be recognized in profits and losses.

- If the group modified its estimations for the receivables and the payables, then the book value of the financial asset (or group of financial assets) will be adjusted to reflect the effective cash flows and the modified assessments to recalculate the book value through calculation the present value for the estimated future cash flows using the effective interest rate of the financial asset and the adjustment will be recognized I as a revenue or expense in the profits and losses.

- In all cases if the group reclassified a financial asset as mentioned before and the group subsequently increased the estimated future cash inflows as a result of the increase of what will be collected from these receivables, this increase is to be recognized as an adjustment of the effective interest rate starting from the change in estimation date and not an adjustment of the book value in the change in estimation date.

- **Offsetting financial instruments**

  Financial assets and liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

  Treasury bills sold subject to repurchase agreements ('repos') in the balance sheet under "Due to Banks "and purchased under agreements to resell ('reverse repos') in the balance sheet under "Due from Banks".

- **Derivative financial instruments and hedge accounting**

  Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets (or including recent market transactions, and valuation techniques for example including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

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

- **Recognition of deferred day one profit and loss**

The best evidence of fair value at initial recognition is the transaction price (the fair value of the consideration given or received), unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instruments or based on valuation technique. When the group has entered into transactions that come due after the lapse of a long period of time, fair value is determined using valuation models whose inputs do not necessarily come from quoted prices or market rates. These financial instruments are initially recognized at the transaction price, which represents the best index to fair value, despite the value obtained from a valuation model may be different. The difference between the transaction price and the model value is not immediately recognized, commonly referred to as "day one gains or losses". It is included in other assets in case of loss, and other liabilities in case of gain.

- **Interest income and expense**

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss, are recognised within '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 group 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 are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been classified as nonperforming or impaired, related interest income is not recognized and is recorded in marginal records apart from the financial statements, and is recognized as revenues according to cash basis as follows:

- When they are collected, after receiving all pas due installments for consumption loans, mortgage loans, and small business loans.
- For corporate loans, cash basis is also applied, where the return subsequently calculated is raised in accordance with the loan rescheduling contract, until 25% of the rescheduling installments are repaid, with a minimum of one year of regular repayment scheme. In case the counterparty persists to regularly pay, the return calculated on the loan outstanding is recognized in interest income. (interest on rescheduling without deficits) without interests aside before rescheduling which is avoiding revenues except after paying all the loan balance in the balance sheet before rescheduling.

- **Fees and commission income**

Fees and commissions are generally recognized on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognized as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognized as revenue when the syndication has been completed and the group has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants.

Commission and fees 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 businesses – are recognized on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognized based on the applicable service contracts, usually on a time- apportionate basis. Asset management fees related to investment funds are recognized ratably over the period in which the service is provided. The same principle is applied for financial planning and custody services that are continuously provided over an extended period of time.

- **Dividend income**

Dividends are recognized in the income statement when the group's right to receive payment is established.

- **Purchase and sale agreements and sale and repurchase agreements**

Securities sold subject to repurchase agreements are presented in Due to Banks the balance sheet. Securities purchased under agreements to resell are presented added to Due from Banks in the balance sheet, and presented on net basis, the difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

- **Impairment of financial assets**

  - **Financial assets carried at amortized cost**

The Group 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 and impairment losses are incurred 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') and that loss event (or events) 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 Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulties of the issuer or obligor;
- Breach of contract such as default in interest or principal payment;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- Deterioration of the borrower's competitive position;
- The group, for economic or legal reasons relating to the borrower's financial difficulties, granting to the borrower a concession that the group would not otherwise consider;
- Deterioration in the value of collateral; and
- Downgrading the credit status.

The existence of clear data that indicates measurable decrease in estimated future cash flows from a group of financial assets are considered as objective evidence of impairment for that group. irrespective of the ability of identifying that reduction for each individual asset.e.g, the increase in number of repayment defaults for a particular banking product.

The estimated period between a losses occurring and its identification is determined by the Group for each identified portfolio.

The estimated period between a loss occurring and its identification is determined by local management for each identified portfolio. In general, the periods used vary between three months and twelve months.

The Group 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 the following is considered:

- If the Group 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 using historical probabilities of default.

- Assets 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, Otherwise it will added to the group of the financial assets.

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. As a practical expedient, the group 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 collaterized financial asset reflects the cash flow that may result from foreseeable less costs for obtaining and selling the collateral.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that is, 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.

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 Group and historical loss experience for assets with credit risk characteristics similar to those in the Group. 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 factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the group to reduce any differences between loss estimates and actual loss experience.

The group assess the collective impairment for group of financial assets with similar credit risk characteristics and collectively assesses them for impairment using historical probabilities of default, and individually for the impaired loans using discounted cash flows, and compared to the obligor risk rating. Differences between the two methods are transferred from retained earnings to general banking reserve, if the obligor risk rating requires more impairment.

- **<u>Available for sale financial assets</u>**

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets classified as available for sale or held to maturity 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.

- **Intangible Assets**

  - **Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment where goodwill is amortized by a 20% or with the impairment recognized whichever is greater. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

  - **Computer programs:**

Computers' software related development and maintenance expenses are recognized in the income statement when incurred Intangible asset is recognized for specific direct costs of computer programs under the group's control and where a probable economic benefit is expected to be generated for more than one year. Direct costs include program development staff costs, and appropriate allocation of the overhead costs.

Development costs are recognized as computer program in which lead to an increase or expansion in the performance of computer programs.
These costs are amortized on the basis of the expected useful lives, and not more than five years.

- **Property, plant and equipment**

Land and building comprise mainly head office, branches and offices. All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed asset items.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group 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 cost to their residual values over their estimated useful lives, as follows:

○ Buildings	20:30 years
○ Fixtures	5 years
○ Furniture	10 years
○ Machinery and equipment	8 years
○ Vehicles	5 years
○ Computers	5 years
○ Others	10 years

- **Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortization-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 and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

- **Lease**

Finance lease are accounted for according to Law No. 95 of 1995 if the contract gives the right to the lessee to purchase the assets on a specified date and with specified amount where the contract's period represents at lease 75% of the expected useful life of the asset or the present value of total lease payments represents at least 90% of the asset's value. Other lease contracts are considered operating leases.

- **The Group as a lessee**

For finance lease contracts, lease expenses including leased asset maintenance when incurred. If the Group decides to use the purchase option, cost of the option is capitalized and depreciated over the remaining useful life of the asset using methods applied for similar assets.

Lease payments less any discounts under operating lease are charged as an expense in the income statement on a straight-line basis over the period of the lease.

- **The Group as a Lease lord**

Rent for leased assets operating rent appear under fixed assets in the budget and destroy over the useful life of the asset's expected by the same method applied to similar assets, and rental income minus any discounts granted to the lessee by the straight-line method over the period of the contract.

- **Cash and cash equivalents**

For the purpose of the cash flows statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and balances due from Central Banks other than for mandatory reserve, current accounts with banks, and treasury bills and other eligible securities.

- **Other provisions**

Provisions for restructuring costs and legal claims are recognized when: The Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Reversals of provisions no longer required are presented in other operating income and (expense).

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. If the settlement is within one year or less, provisions will be measured by the contractual value if there is no material variance otherwise, it will be measured at present value.

- **Employee benefits**

  - **Pension Liability**

The group applies various retirement benefit plans which are financed through contributions defined on periodical actuarial calculations and paid to Social Insurance Authority or a private insurance fund. The Bank has Defined-Benefit Plans and Defined-Contribution Plans.

Defined-Benefit Plans: They are retirement plans where employee benefits are sorted out based on a formula using factors such as age, duration of employment and salary history.

The liability recognized in the balance sheet, with regard to the defined-benefit plans, is the present value of the defined-benefit obligation at the date of the balance sheet less the fair value of the plan assets, together with the adjustments for unrecognized actuarial gains (losses) and past service costs.

The defined-benefit obligation is calculated annually (estimated future cash outflows) by an independent actuary using the Projected Unit Credit Method. The present value of the defined-benefit obligation is determined by discounting the estimated future cash outflows using interest rates of treasury bonds that have terms to maturity approximating the terms of the related retirement benefit liability.

The gains (losses) arising from adjustments and changes in actuarial assumptions are charged (or credited) to income if they are within 10% of the plan assets or 10% of the defined-benefit obligation, whichever is higher. In case the gains (losses) are higher than this percentage, the increase shall be charged (credited) to the income over the employees' average remaining working periods.

The past service costs are directly recognized in the income statement under administrative expenses, unless the changes made to the pension regulations are subject to the employees staying in service for a defined period of time (Vesting Period). In this case, the past service period shall be depreciated using the straight-line method over the vesting period.

Defined Contribution Plans: They are retirement plans in which the Bank pays certain contributions to Social Insurance Authority, and the Bank shall not be subject to any legal or constructive obligation to contribute further amounts.

The contributions are recognized as employee-benefit expenses when they are due. The prepaid contributions are recognized as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

  - **Other Post-Employment Benefit Obligations**

The Bank provides health-care benefits for retired employees (Ex EAB Staff). To be eligible for such benefits, the employee shall have to remain employed until the retirement age and fulfill a minimum limit of an employment period. The estimated costs of such benefits are depreciated over the employment period using an accounting method similar to that used in the defined-benefit plans.

  - **Social Insurance**

The Group pays contributions to Social Insurance Authority and the Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due.

  - **Employee profit share**

The Group pays a percentage of the cash dividends as employee profit share; the employee profit share is recognized as part of dividends in the equity and as a liability when it is approved by the group's general assembly, no obligation is recognized for the employees share in unappropriated profits.

- **Income tax**

The income tax on the Group's year profits or losses includes both current tax, and deferred tax Income tax is recognized in the income statement, except when it relates to items directly recognized into equity, in which case the tax is also recognized directly in equity. Income tax is calculated on the taxable profits using the prevailing tax rates as of balance sheet date in addition to tax adjustments for previous years.

Deferred income tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined based on the method used to realize or settle the current values of these assets and liabilities, using the tax rates prevailing as of the balance sheet date.

Deferred tax assets are recognized when it is probable that the future taxable profit will be available against which the temporary difference can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Reversal is subsequently permitted when there is a probable from its economic benefit limited to the extend reduced.

- **Borrowings**

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

The fair value of the liability portion of a convertible bind is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortized cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised abd included in shareholders' equity, net of income tax effects.

Preferred shares that carry a mandatory coupon or are redeemable on a specific date or at the option of the shareholders are classified as liability and are presented in Other loans.
The dividends on these preference shares are recognized in the income statement as interest expenses in an amortized cost basis using the effective interest method.

- **Share capital**

  - **Share issue costs**

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

  - **Dividends**

Dividends are recognized in equity in the period in which they are approved by the Group's general assembly. These dividends include the employee share and board of director's bonus as stipulated by the article of incorporation and law.

  - **Treasury stocks**

In case the Group buy capital stock, the purchase amount is deducted from the total cost of ownership rights as represented by Treasury shares to be cancelled, and in case of sale of those shares or reissued later in all collections are added to property rights.

- **<u>Fiduciary activities</u>**
  The Group acts as trustees and in other fiduciary capacities those results in the holding or managing of assets on behalf of individuals, trusts, and retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

- **<u>Comparatives</u>**

  Whenever necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3. Financial Risk management

The group'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 group's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the group's financial performance.

The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

The group'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 system. The group regularly reviews its risk management policies and systems to reflect changes in markets, products, and emerging best practice.

Risk management is carried out by a risk department under policies approved by the Board of Directors. Financial risks in close co-operation with the Group are 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, internal audit is responsible for the independent review of risk management and the control environment.

A. <u>Credit risk</u>

The group is exposed to credit risk, which is the risk of suffering financial loss, should any of the group's customers, clients or market counterparties fail to fulfill their contractual obligations to the group. Credit risk is the most important risk for the group's business. Management therefore carefully manages its exposure to credit risk. Credit risk arises mainly from lending activities which resulted in loans, facilities and investment activities which result in including the financial assets in group's assets. Credit risk is available in the off-balance sheet financial assets such lending commitment. The credit risk management and control are centralized in a credit risk management team, which reports to the Board of Directors and head of each business unit regularly.

A.1 Credit risk measurement

- **Loans and advances to banks and customers**

In measuring credit risk of loans and advances to banks and customers, the group reflects three components:

- ✓ Probability of default - by the client or counterparty on its contractual obligations.
- ✓ (Current exposures to the counterparty and its likely future developments, from which the group derive the exposure at default.
- ✓ Loss given default

Daily management group activities involve these measurements of credit risk which reflect the expected loss (The expected loss model) and are required by the Basel committee on banking supervision. The Operational measurements can be contrasted with impairment allowances required under Egyptian Accounting Standard 26 which are based on losses that have been incurred at of the balance sheet date (the incurred loss model) rather than expected losses (Note 3/A).

The group assesses the probability of default of individual customers using internal rating tools tailored to the various categories of the counterparty. They have been developed internally and combine statistical analysis with credit officer judgment. clients of the group are segmented into four rating classes. The rating scale which is as shown below reflects the range of default probabilities- defined for each rating class. This means that in principal, exposures might migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The group regularly validate the performance of the rating and their predictive power with regard to default cases.

CBE Rating	Internal Rating	Provision Percentage
Good loans	A+	0%
Good loans	A	1%
Good loans	B+	1%
Good loans	B	1%
Good loans	B-	1%
Good loans	C+	1%
Good loans	C	1%
Good loans	C-	1%
Good loans	D+	2%
Good loans	D	2%
Good loans	D-	2%
Standard monitoring	E+	3%
Standard monitoring	E	5%
Special monitoring	PE-	20%
non-performing	NPE-	DCF
non-performing	F	DCF
non-performing	Z	DCF

The above ratings are reviewed and approved by the Central Bank of Egypt.

Exposure at default is based on the amounts the group expects to be outstanding at the time of default. For example, for a loan this is the face value. For a commitment, the group includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

Loss given default or loss severity represents the group's expectation of the extent of loss on a claim should default occur. It is expressed as a percentage of 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.

- **Debt securities and other bills**

For debt securities, and other bills external rating such as (Standard & Poor's) rating or their equivalents are used by the group for managing of the credit risk exposures. In case such ratings are unavailable, internal rating methods are used that are similar to those used for credit customers. The investment 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 requirements at the same time.

A.2 Risk limit control and mitigation policies

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

The group 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 product, industry sector and by country are approved periodically 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 the borrowers and potential borrowers to meet interest and capital repayment obligation and by changing these lending limits when appropriate.

Some other specific control and mitigation measures are outlined below:

❖ **Collateral**

The group 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 group 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.
- Charges over business assets such as premises, inventory.
- Charges over 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 group will seek additional collateral from the counterparty as soon as impairment indicators are identified for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of Asset-Backed Securities and similar instruments, which are secured by portfolios of financial instruments.

❖ **Derivatives**

The group maintains strict control limits on net open derivative positions (ie,, the difference between purchase and sale contracts) by both amount and term. The amount subject to credit risk is limited to expected future net cash inflows of instruments, which in relation to derivatives are only a 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 group 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 group market's transactions on any single day.

❖ **Master netting arrangements**

The group 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 assets and liabilities shown in the balance sheet, as transactions are either 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 group's 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.

❖ **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 group on behalf of a customer authorizing a third party to draw drafts on the group 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 group 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 group monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

A.3 Impairment and provisioning policies

The internal systems for rating previously mentioned is focus more on credit quality mapping from the inception of the lending and investment activities .In contrast impairment allowances are recognized for financial reporting purposes only for losses that have been incurred at the balance sheet data based on objective evidence of impairment Due to the different methodologies applied the amount of incurred credit losses provided for in the financial statements are usually lower than the amount determined from the expected loss model that is used for internal operational management and Central Bank of Egypt regulations purposes.

The impairment allowance shown in the balance sheet date at year end is derived from each of the four internal rating grades However, the largest majority of the impairment allowance comes from the lowest grading.

The table below shows the percentage of the groups on balance sheet items, relating to loans and advances and the associated impairment allowance for each of the group internal rating categories:

	30 September 2018		**31 December 2017**	
Group's Rating	**Loans and facilities** %	**Loan loss provision** %	**Loans and facilities** %	**Loan loss provision** %
1- Good loans	46.0%	1.9%	45.5%	3%
2- Standard monitoring	36.1%	2.4%	39.6%	2%
3- Special monitoring	15.4%	10.6%	12.0%	24%
4- Nonperforming loans	2.5%	59.6%	2.9%	60%
	100.0%		**100.0%**	

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

- Significant financial difficulties facing the counterparty;
- Breach of loan covenants as in case of default;
- Expecting the bankruptcy of the counterparty, liquidation, lawsuit, or finance rescheduling;
- Deterioration of the borrower's competitive position;
- Offering exceptions or surrenders due to economic and legal reasons related to financial difficulties encountered by the counterparty not provided by the group in ordinary conditions;
- Deterioration in the value of collateral; and
- Downgrading below good loans grade.

The group policies require the review of individual financial assets that are above materiality threshold at least annually, or more regularly when individual circumstances require. Impairment allowance on individually assessed accounts are determined by an evaluation of the incurred loss at balance sheet date on case-by –case basis. and are applied to all individually significant accounts. The assessment normally encompasses collateral hold including re- confirmation of its enforceability and the anticipated receipts for that individual account.

Collectively assessed impairment allowances are provided for portfolios of homogenous assets using the available historical experience, experience judgment and statistical techniques

A.4 General Bank Risk Measurement Model

In addition to the four credit rating levels, management classifies categories that are more detailed so as to agree with the requirements of the Central Bank of Egypt (CBE). Assets subject to credit risk are classified in these categories in accordance with regulations and detailed conditions that largely depend on information related to the client, his/her activity, financial position, and regularity of repayment.

The group calculates the required provisions for the impairment of the assets subject to credit risk, including commitments related to credit, on the basis of ratios specified by the Central Bank of Egypt. In case the impairment loss provision required by the Central Bank of Egypt exceeds that required for the purpose of financial statement preparation in accordance with the Egyptian accounting standards, retained earnings is decreased to support the General Bank risk reserve with the amount of the increase. This reserve is periodically revised by increase and decrease to reflect the amount of increase between the two provisions. This reserve is not subject to distribution. Note number (33/A) shows the movement in the Group Risk Reserve during the financial year.

Following is a table of the worthiness levels for institutions in accordance with the internal assessment bases compared to the Central Bank of Egypt assessment bases and the provision ratios required for the impairment of the assets exposed to credit risk.

CBE Rating Categorization	Rating Description	Provision %	CAE rating	CAE Description
1	Low Risk	0%	1	Good
2	Average Risk	%1	1	Good
3	Satisfactory Risk	%1	1	Good
4	Reasonable Risk	%2	1	Good
5	Acceptable Risk	%2	1	Good
6	Marginally Acceptable Risk	%5:3	2	Standard monitoring
7	Watch List	%20	3	Special monitoring
8	Substandard	%20	4	non-performing
9	Doubtful	%50	4	non-performing
10	Bad Debt	%100	4	non-performing

A.5 Credit risk exposure before guarantees

(All amounts are in thousand Egyptian pounds)

	30 September 2018	31 December 2017
Credit risk exposures relating to on-balance sheet items :		
Cash and balances with central bank	2,771,192	3,609,361
Due from Banks	11,216,440	11,449,895
Treasury Bills	11,675,866	7,968,332
Debt instruments held for trading	9,795	57,211
Loans to banks	118,642	201,460
Loans to customers		
Loans to Individuals:		
- Overdrafts	70,789	70,608
- Credit cards	908,706	900,097
- Personal Loans	5,964,018	5,193,169
- Real estate Loans	224,688	237,868
Loans To corporate entities:		
- Overdrafts	9,929,320	8,200,075
- Direct Loans	809,145	747,878
- Syndicated loans	2,754,588	1,777,507
- Other Loans	519,239	851,477
Derivative financial instruments	2,341	9,824
Investment securities		
Available for sale	3,812,635	3,083,997
Other Assets	379,756	300,863
Total	**51,167,160**	**44,659,622**

	30 September 2018	31 December 2017
Credit risk exposures relating to off-balance sheet items:		
Customer Liabilities Under Acceptance	563,913	576,288
Commitments (Loans and liabilities – irrevocable)	2,524,158	1,976,746
Letter of credit	1,635,890	1,222,344
Letters of guarantee	7,406,342	6,729,844
Total	**12,130,303**	**10,505,222**

The above table represents a worse-case scenario of credit risk exposure to the group at 30 September 2018 and 31 December 2017, without taking into account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts presented on the Balance Sheet.

As shown above, 41% of the total maximum exposure is derived from loans and facilities to customers versus 40% in the end of comparative year 2017, where investments in debt securities represent 30% versus 25% in the end of comparative year 2017.

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

- 81.1% of the loans and advances portfolio is categorised in the top two grades of the internal rating system (2017: 85.1%);
- 91% of the loans and advances portfolio are considered to be neither past due nor impaired (2017: 88%);
- Loans and advances individually assessed amount 522,885 thousand Egyptian pounds. (2017: 525,363 thousand Egyptian pounds).

A.6 Loans and Advances

Loans and advances balances in terms of the credit worthiness:

(All amounts are in thousand Egyptian pounds)

Loans & Advances to customers	30 September 2018	31 December 2017
Neither past due nor impaired	19,230,302	15,858,844
Past due but not impaired	1,421,005	1,594,472
Subject to impairment	529,186	525,363
Total	**21,180,493**	**17,978,679**
Less: Interest in suspense	(48,410)	(44,474)
Less: allowance for Impairment	(1,149,630)	(1,262,140)
Total	**19,982,453**	**16,672,065**

Total impairment income for loans and advances has amounted to 81,096 thousands of which (43,151) thousand represents impairment on to individual loans, and the remaining 115,247 thousand represents impairment income based on group basis of the credit. Note 21 provides additional information on the provision of impairment loss on loans and advances to banks and customers.

The group portfolio of loans and advances has decreased by 17.81 % within the financial period as a result of expanding the credit activities in the Arab Republic of Egypt. The group concentrates on dealing with large institutions, banks, and individuals with strong financial credit solvency.

Loans and advances neither past due nor impaired
The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the group.
Loans that are backed by collateral are not considered impaired for the nonperforming category, taking into consideration the collectability of the collateral.

(All amounts are in thousand Egyptian pounds)

30 September 2018	**Retail**				**Corporate entities**				
Grades	**Overdrafts**	**Credit cards**	**Personal loans**	**Real estate loans**	**Overdrafts**	**Syndicated loans**	**Direct loans**	**other loans**	**Total**
1.Good	69,396	-	-	-	8,110,990	899,272	351,371	257,861	9,688,890
2.Standard monitoring	-	638,729	5,246,523	209,939	729,686	-	-	88	6,824,965
3.Special monitoring	-	-	-	-	659,941	1,838,790	217,716	-	2,716,447
Total	**69,396**	**638,729**	**5,246,523**	**209,939**	**9,500,617**	**2,738,062**	**569,087**	**257,949**	**19,230,302**

31 December 2017	**Retail**				**Corporate entities**				
Grades	**Overdrafts**	**Credit cards**	**Personal loans**	**Real estate loans**	**Overdrafts**	**Syndicated loans**	**Direct loans**	**Other loans**	**Total**
1.Good	70,019	-	-	-	6,550,978	873,202	271,088	297,220	**8,062,507**
2.Standard monitoring	-	640,229	4,620,056	219,946	742,244	99,157	245,825	-	**6,567,457**
3.Special monitoring	-	-	-	-	415,121	788,706	22,443	2,610	**1,228,880**
Total	**70,019**	**640,229**	**4,620,056**	**219,946**	**7,708,343**	**1,761,065**	**539,356**	**299,830**	**15,858,844**

Loans and advances past due but not impaired

These are loans and advance that are past due for less than 90 days, but not impaired unless the group is otherwise informed. Loans and advance past due but not impaired are as follows:

At initial recognition of the loans and advances, fair value of collaterals is valuated based on the same valuation methods used for similar assets. In subsequent periods, fair value is updated to reflect the market prices or the prices of similar assets.

30 September 2018

(All amounts are in thousand Egyptian pounds)

Retail	Overdrafts	Credit cards	Personal Loans	Real estate loans	Total
Past due up to 30 days	-	203,718	481,641	1,122	686,481
Past due 30-60 days	345	41,864	153,188	4,183	199,580
Past due 60-90 days	1,048	13,625	51,545	3,143	69,361
Total	**1,393**	**259,207**	**686,374**	**8,448**	**955,422**

Corporate entities	Overdrafts	Direct loans	Syndicated loans	Other loans	Total
Past due up to 30 days	178,846	20	-	-	178,866
Past due 30-60 days	2,184	-	-	-	2,184
Past due over 60 days	20,486	2,757	-	261,290	284,533
Total	**201,516**	**2,777**	**-**	**261,290**	**465,583**

31 December 2017

(All amounts are in thousand Egyptian pounds)

Retail	Overdrafts	Credit cards	Personal Loans	Real estate loans	Total
Past due up to 30 days	217	194,474	400,007	5,148	**599,846**
Past due 30-60 days	-	43,975	104,208	3,260	**151,443**
Past due 60-90 days	372	12,041	45,132	2,854	**60,399**
Total	**589**	**250,490**	**549,347**	**11,262**	**811,688**

Corporate entities	Overdrafts	Direct loans	Syndicated loans	Other loans	Total
Past due up to 30 days	30,837	-	-	7,038	**37,875**
Past due 30-60 days	104,836	-	-	-	**104,836**
Past due over 60 days	35,051	60,413	-	544,609	**640,073**
Total	**170,724**	**60,413**	**-**	**551,647**	**782,784**

Loans and advances individually impaired

-Loans and advances to customers

The individually impaired loans and advances to customers before taking into consideration the cash flows from collateral held is 529,186 thousand (2017: 525,363 thousand).

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

(All amounts are in thousand Egyptian pounds)

30 September 2018		**Retail**			**Corporate**		
	Credit cards	**Personal Loans**	**Real estate loans**	**Overdrafts**	**Direct loans**	**Syndicated loans**	**Total**
Individually impaired loans	10,770	31,121	6,301	227,187	237,281	16,526	**522,885**
Fair value of collateral	454	1,707	-	-	-	-	**2,161**

(All amounts are in thousand Egyptian pounds)

31 December 2017		**Retail**			**Corporate**		
	Credit cards	**Personal Loans**	**Real estate loans**	**Overdrafts**	**Direct loans**	**Syndicated loans**	**Total**
Individually impaired loans	9,378	23,766	6,660	321,008	148,109	16,442	**525,363**
Fair value of collateral	254	3,529	-	-	-	-	**3,783**

Loans and advances renegotiated

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria that, in the judgment of local management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans – in particular, customer finance loan

(All amounts are in thousand Egyptian pounds)

	30 September 2018	**31 December 2017**
Corporate entities		
Overdrafts	124,733	130,791
Direct Loans	-	22,621
	124,733	**153,412**
Retail		
Personal loans	45,705	37,277
Housing loans	-	-
	45,705	**37,277**
Total	**170,438**	**190,689**

A.7 Debt securities and treasury bills

The table below presents an analysis of debt securities according to the rating agencies at year end based on Moody's assessment of the countries issuing the investments:

30 September 2018	Treasury Bills	Trading securities	Securities available for sale	Total
AA- to AA+	-	-	27,449	**27,449**
B3	11,675,866	9,795	3,785,186	**15,470,847**
Total	**11,675,866**	**9,795**	**3,812,635**	**15,498,296**

A.8 Repossessed collateral

During 2018, the bank obtains assets by taking possession of collateral held as security as follows:

30 September 2018

(All amounts are in thousand Egyptian pounds)

Assets Nature	Book Value
Apartments	1,104
Total	**1,104**

A.9 Concentration of risks of financial assets with credit risk exposure

❖ ***Geographical sectors***

The following table breaks down the group's credit exposure at their carrying amounts as categorised by geographical region. For this table, the group has allocated exposures to regions based on the country of domicile of its clients.

30 September 2018	*Cairo*	*Alex., Delta & Sinai*	*Upper Egypt*	**Total**	**Other countries**	**Total**
Balances with CBE	2,771,192	-	-	**2,771,192**	-	**2,771,192**
Due from banks	4,579,126	-	-	**4,579,126**	6,637,314	**11,216,440**
Treasury bills	11,675,866	-	-	**11,675,866**	-	**11,675,866**
Debt instruments held for trading	9,795	-	-	**9,795**	-	**9,795**
Loans to banks	-	-	-	-	118,642	**118,642**
Loans to customers:						
- Overdrafts	9,044,080	924,052	31,977	**10,000,109**	-	**10,000,109**
- Credit cards	908,706	-	-	**908,706**	-	**908,706**
- Personal Loans	3,641,993	1,676,249	645,776	**5,964,018**	-	**5,964,018**
- Real Estate Loans	159,275	65,077	336	**224,688**	-	**224,688**
- Term Loans	3,475,500	88,233	-	**3,563,733**	-	**3,563,733**
- Other Loans	436,809	82,430	-	**519,239**	-	**519,239**
Derivatives	2,341	-	-	**2,341**	-	**2,341**
Investment securities available for sale	3,785,186	-	-	**3,785,186**	27,449	**3,812,635**
Other Assets	337,287	31,953	10,516	**379,756**	-	**379,756**
30 September 2018	***40,827,156***	***2,867,994***	***688,605***	***44,383,755***	***6,783,405***	***51,167,160***
31 December 2017	***36,839,344***	***2,544,801***	***701,949***	**40,086,094**	**4,573,528**	**44,659,622**

❖ ***Industry sectors***

The following table breaks down the group's credit exposure at carrying categorized by the industry sectors of the Group's clients.

30 September 2018	**Financial institutions**	**Manufacturing**	**Commercial**	**Governmental**	**Other industries**	**Individuals**	**Total**
Balances with CBE	-	-	-	2,771,192	-	-	**2,771,192**
Due from banks	3,953,501	-	-	7,262,939	-	-	**11,216,440**
Treasury bills	-	-	-	11,675,866	-	-	**11,675,866**
Debt instruments held for trading	-	-	-	9,795	-	-	**9,795**
Loans to Banks	118,642	-	-	-	-	-	**118,642**
<u>Loans to customers:</u>							
Individuals:							
- Overdrafts	-	-	-	-	-	70,789	**70,789**
- Credit cards	-	-	-	-	-	908,706	**908,706**
- Personal Loans	-	-	-	-	-	5,964,018	**5,964,018**
- Real Estate Loans						224,688	**224,688**
Corporate entities:							
- Overdrafts	1,192	5,507,229	2,422,720	568,621	1,429,558	-	**9,929,320**
- Direct Loans	128,143	164,979	287,896	-	228,127	-	**809,145**
- Syndicated Loans	-	401,158	-	25,098	2,328,332	-	**2,754,588**
- Other loans	-	390,212	3,567	33,422	92,038	-	**519,239**
Financial instruments derivatives	2,256	85	-	-	-	-	**2,341**
Available for sale investment	27,449	-	-	3,785,186	-	-	**3,812,635**
Other Assets	21,892	125,622	52,752	12,189	79,259	88,042	**379,756**
As at 30 September 2018	**4,253,075**	**6,589,285**	**2,766,935**	**26,144,308**	**4,157,314**	**7,256,243**	**51,167,160**
As at 31 December 2017	**4,551,581**	**6,209,441**	**1,687,499**	**22,588,465**	**3,166,533**	**6,456,103**	**44,659,622**

B. Market risk

The group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products all of which to expect are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads foreign exchange rates and equity prices The group separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are concentrated in group treasury and monitored by two teams separately. Regular reports are submitted to the Board of Directors and heads of each business unit regularly.

Trading portfolios include those positions arising from market-making transactions where the group acts as principal with clients or with the market.

Non-trading portfolios primarily arise from the interest rate management of the entity's retail and commercial banking assets and liabilities. Non-trading portfolios also consist of foreign exchange and equity risks arising from the group's held-to-maturity and available-for-sale investments.

B.1 Market risk measurement techniques

As part of the management of market risk, The group enters into interest rate swaps to match the interest rate risk associated with the fixed-rate long-term debt securities and loans to which the fair value option has been applied. The major measurement techniques used to measure and control market risk are outlined below.

Value at risk

The group applies a 'value at risk' (VAR) methodology to its trading and non-trading portfolios and at a group level to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions. For various changes in market conditions The Board sets limits on the value of risk that may be accepted for the group, for trading and non-trading purposes separately and they are monitored in daily basis with the group risk management department.

VAR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the group might lose, but only to a certain level of confidence (99%). There is therefore a specified statistical probability (1%) that actual loss could be greater than the VAR estimate. The VAR model assumes a certain 'holding period' until positions can be closed (10 days). It also assumes that market moves occurring over this holding period will follow a similar pattern to those that have occurred over 10-day periods in the past. The group's assessment of past movements is based on data for the past five years. The group applies these historical changes in rates, prices, indices, etc. directly to its current positions − a method known as historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and parameters/factors used in the VAR calculation.

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 Group's market risk control regime, VAR limits are established by the Board annually for all trading portfolio operations and allocated to business units. Actual exposure against limits, together with a consolidated group-wide VAR, is reviewed daily by group risk management department.

The quality of the VAR model is continuously monitored by back-testing the VAR results for trading books. All back-testing exceptions and any exceptional revenues on the profit side of the VAR distribution are investigated, and all back-testing results are reported to the Board of Directors.

Stress tests

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by group treasury include: risk factor stress testing, where stress movements are applied to each risk category; emerging market stress testing, where emerging market portfolios are subject to stress movements; and adhoc stress testing, which includes applying possible stress events to specific positions or regions − for example, the stress outcome to a region following a currency peg break.

The results of the stress tests are reviewed by senior management in each business unit and by the Board of Directors. The stress testing is tailored to the business and typically uses scenario analysis.

B.2 Summary of value at risk

VAR for trading portfolio as per the risk type

(All amounts are in thousand Egyptian pounds)

	9 months till 30 June 2018			**12 months till 31 December 2017**		
	Average	**High**	**Low**	**Average**	**High**	**Low**
Foreign exchange risk	(1,066)	(1,263)	(870)	(14,224)	(27,314)	(148)
Interest rate risk	(2,663)	(3,604)	(2,047)	(3,295)	(13,505)	(1,359)
VAR	**(2,733)**	**(3,455)**	**(1,935)**	**(14,227)**	**(27,648)**	**(2,195)**

The increase in the VAR especially in interest rate risk is correlated with the sensitivity in international financial market interest rate.

The three above results are calculated independently of the intended positions and the historical market movements. The gross VAR of the trading and the non-trading does not represent the exposed value of the group risk due to the correlation between the risk types, portfolio types and whatever the effect following it.

B.3 Foreign exchange risk

The group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by level of currency and in aggregate for both overnight and intra-day positions which are monitored daily. The table below summarises the group's exposure to foreign currency exchange rate risk at.

Included in the table are the group's financial instruments at carrying amounts, categorised by currency:

Foreign currency risk concentration on financial instruments

As at 30 September 2018	EGP	USD	EUR	GBP	CHF	Other	Total in EGP
Assets							
Cash and balances with central banks	3,985,330	502,413	138,015	18,489	5,797	41,761	**4,691,805**
Due from banks	2,137,925	6,605,568	1,940,593	308,772	46,531	177,051	**11,216,440**
Treasury bills	9,297,069	2,378,797	-	-	-	-	**11,675,866**
Debt instruments held for trading	9,795	-	-	-	-	-	**9,795**
Loans to banks	-	118,642	-	-	-	-	**118,642**
Loans and advances to customers	15,213,880	4,403,786	240,436	2,418	830	121,103	**19,982,453**
Financial derivatives	437	1,904	-	-	-	-	**2,341**
Available for sale	3,779,307	18,904	27,449	-	-	-	**3,825,660**
Other Assets	338,878	40,280	473	124	1	-	**379,756**
Total financial assets	**34,762,621**	**14,070,294**	**2,346,966**	**329,803**	**53,159**	**339,915**	**51,902,758**
Financial liabilities							
Due to banks	2,309	405,365	1,034	7,243	-	-	**415,951**
Repo	2,300	-	-	-	-	-	**2,300**
Customers deposits	27,697,175	12,821,244	2,262,190	331,401	54,691	313,468	**43,480,169**
Financial derivatives	945	1,904	-	-	-	2,461	**5,310**
Other loans	60,078	537,435	-	-	-	-	**597,513**
Other Liabilities	244,218	35,170	333	162	-	-	**279,883**
Total financial liabilities	**28,007,025**	**13,801,118**	**2,263,557**	**338,806**	**54,691**	**315,929**	**44,781,126**
Net on balance sheet financial position	**6,755,596**	**269,176**	**83,409**	**(9,003)**	**(1,532)**	**23,986**	**7,121,632**
Credit commitments	**1,044,796**	**2,695,853**	**7,963,815**	**2,983**	**9,963**	**412,893**	**12,130,303**

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The group 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 may reduce losses in the event that unexpected movements arise.

The Board sets limits on the level of mismatch of interest rate repricing and value at risk that may be undertaken, which is monitored daily by the assets and liabilities management department with assistance of the group treasury department.

The tables below summaries the group’s exposure to the interest rate fluctuations risk which include carrying value of the financial instruments categorized based on the repricing dates or the maturity date – whichever is earlier.

EGP in thousands

30 September 2018	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5years	Non-interest bearing	Total
Assets							
Cash and balances with central bank	-	-	-	-	-	3,985,330	**3,985,330**
Due from banks	2,109,192	7,160	-	-	-	21,573	**2,137,925**
Treasury bills	3,587,068	1,099,184	4,610,817	-	-	-	**9,297,069**
Debt instruments held for trading	9,795	-	-	-	-	-	**9,795**
Loans to customers	8,860,913	935,570	1,556,696	3,643,082	217,619	-	**15,213,880**
Available for sale	158,997	49,492	1,099,454	2,461,392	2,000	7,972	**3,779,307**
Held to maturity	-	-	-	-	-	76,634	**76,634**
Other assets	-	-	-	-	-	338,878	**338,878**
Total assets	**14,725,965**	**2,091,406**	**7,266,967**	**6,104,474**	**219,619**	**4,430,387**	**34,838,818**
liabilities							
Due to banks	-	-	-	-	-	2,309	**2,309**
Repo	1,175	-	1,125	-	-	-	**2,300**
Customers deposits	8,972,211	1,158,865	1,937,014	6,956,772	10,398	8,661,915	**27,697,175**
Other Liabilities	-	-	-	-	-	244,218	**244,218**
Total liabilities	**8,973,386**	**1,158,865**	**1,938,139**	**6,956,772**	**10,398**	**8,908,442**	**27,946,002**
Total interest repricing gap	**5,752,579**	**932,541**	**5,328,828**	**(852,298)**	**209,221**	**(4,478,055)**	**6,892,816**

31 December 2017	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5years	Non-interest bearing	Total
Assets							
Cash and balances with central bank	-	-	-	-	-	4,299,976	**4,299,976**
Due from banks	1,833,000	386,000	-	-	-	12,244	**2,231,244**
Treasury bills	1,569,063	1,115,852	2,822,540	-	-	-	**5,507,455**
Debt instruments held for trading	57,211	-	-	-	-	5,807	**63,018**
Loans to customers	7,728,892	356,004	1,486,809	3,209,701	161,182	-	**12,942,588**
Available for sale	-	504,775	554,990	1,979,938	-	9,972	**3,049,675**
Held to maturity	-	-	-	-	-	76,634	**76,634**
Other assets	-	-	-	-	-	285,590	**285,590**
Total assets	**11,188,166**	**2,362,631**	**4,864,339**	**5,189,639**	**161,182**	**4,690,223**	**28,456,180**
liabilities							
Due to banks	-	-	-	-	-	2,555	**2,555**
Treasury bills Sold with repurchase agreements	-	-	1,189	-	-	-	**1,189**
Customers deposits	4,918,420	2,365,984	1,109,721	6,201,597	17,923	6,986,445	**21,600,090**
Long-term loans	405	300	5,309	7,351	-	-	**13,365**
Other Liabilities	-	-	-	-	-	198,214	**198,214**
Total liabilities	**4,918,825**	**2,366,284**	**1,116,219**	**6,208,948**	**17,923**	**7,187,214**	**21,815,413**
Total interest repricing gap	**6,269,341**	**(3,653)**	**3,748,120**	**(1,019,309)**	**143,259**	**(2,496,991)**	**6,640,767**

USD in thousands

30 September 2018	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5years	Non-interest bearing	Total
Assets							
Cash and balances with central bank	-	-	-	-	-	28,045	**28,045**
Due from banks	164,263	204,464	-	-	-	-	**368,727**
Treasury bills	-	-	132,786	-	-	-	**132,786**
Loans to banks	1,505	5,118	-	-	-	-	**6,623**
Loans to customers	159,568	67,184	19,070	-	-	-	**245,822**
Available for sale	-	-	885	-	-	170	**1,055**
Other assets	-	-	-	-	-	2,248	**2,248**
Total assets	**325,336**	**276,766**	**152,741**	**-**	**-**	**30,463**	**785,306**
liabilities							
Due to banks	-	-	-	-	-	22,628	**22,628**
Customers deposits	382,086	92,690	24,168	9,610	-	207,137	**715,691**
Other Loans	10,000	20,000	-	-	-	-	**30,000**
Other Liabilities	-	-	-	-	-	1,963	**1,963**
Total liabilities	**392,086**	**112,690**	**24,168**	**9,610**	**-**	**231,728**	**770,282**
Total interest repricing gap	**(66,750)**	**164,076**	**128,573**	**(9,610)**	**-**	**(201,265)**	**15,024**

31 December 2017	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5years	Non-interest bearing	Total
Assets							
Cash and balances with central bank	-	-	-	-	-	20,744	**20,744**
Due from banks	111,900	217,901	-	-	-	15,064	**344,865**
Treasury Bills	-	138,815	-	-	-	-	**138,815**
Loans to banks	576	3,122	6,755	-	-	-	**10,453**
Loans to customers	145,940	48,250	616	-	-	-	**194,806**
Available for sale	-	-	-	864	-	170	**1,034**
Other assets	-	-	-	-	-	838	**838**
Total assets	**258,416**	**408,088**	**7,371**	**864**	**-**	**36,816**	**711,555**
liabilities							
Due to banks	-	-	-	-	-	5,000	**5,000**
Customers deposits	401,497	62,838	12,794	18,046	-	178,795	**673,970**
Other Loans	-	30,000	-	-	-		**30,000**
Other liabilities	-	-	-	-	-	1,272	**1,272**
Total liabilities	**401,497**	**92,838**	**12,794**	**18,046**	**-**	**185,067**	**710,242**
Total interest repricing gap	**(143,081)**	**315,250**	**(5,423)**	**(17,182)**	**-**	**(148,251)**	**1,313**

CRÉDIT AGRICOLE EGYPT

EUR in thousands

30 September 2018	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5years	Non-interest bearing	Total
Assets							
Cash and balances with central bank	-	-	-	-	-	6,639	**6,639**
Due from banks	50,000	10,000	-	-	-	33,352	**93,352**
Loans to customers	4,875	6,146	545	-	-	-	**11,566**
Available for sale	-	-	-	1,320	-	-	**1,320**
Other assets	-	-	-	-	-	23	**23**
Total assets	**54,875**	**16,146**	**545**	**1,320**	**-**	**40,014**	**112,900**
liabilities							
Due to banks	-	-	-	-	-	50	**50**
Customers deposits	43,472	8,101	4,203	1,270	-	51,776	**108,822**
Other Liabilities	-	-	-	-	-	16	**16**
Total liabilities	**43,472**	**8,101**	**4,203**	**1,270**	**-**	**51,842**	**108,888**
Total interest repricing gap	**11,403**	**8,045**	**(3,658)**	**50**	**-**	**(11,828)**	**4,012**

31 December 2017	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5years	Non-interest bearing	Total
Assets							
Cash and balances with central bank	-	-	-	-	-	6,097	**6,097**
Due from banks	110,500	10,000	-	-	-	6,285	**126,785**
Loans to customers	4,016	601	188	-	-	-	**4,805**
Available for sale	-	-	-	1,362	-	-	**1,362**
Other assets	-	-	-	-	-	11	**11**
Total assets	**114,516**	**10,601**	**188**	**1,362**	**-**	**12,393**	**139,060**
liabilities							
Due to banks	-	-	-	-	-	-	**-**
Customers deposits	77,760	11,104	5,988	1,270	-	41,989	**138,111**
Other Liabilities	-	-	-	-	-	32	**32**
Total liabilities	**77,760**	**11,104**	**5,988**	**1,270**	**-**	**42,021**	**138,143**
Total interest repricing gap	**36,756**	**(503)**	**(5,800)**	**92**	**-**	**(29,628)**	**917**

C. Liquidity risk

Liquidity risk is the risk that the group is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives. Such outflows would deplete available cash resources for client lending, trading activities and investments.

Liquidity risk management process
The group liquidity management process, as carried out within the group and monitored by a separate team in Group Treasury, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or is borrowed by customers. The group maintains an active presence in global money markets to enable this to happen;

- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

- Monitoring the liquidity ratios against internal and regulatory requirements by the Central Bank of Egypt.

- Managing the concentration and profile of debt maturities.

Monitoring and reporting take 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 projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

With the cooperation with group's Treasury, Assets and Liability management also monitors unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

Funding approach
Sources of liquidity are regularly reviewed by a separate team in group's Treasury to maintain a wide diversification by currency, geography, provider, product and term.

Non-derivative financial liabilities and assets held for managing liquidity risk
The table below presents the cash flows payable by the group under non-derivative financial liabilities for managing liquidity risk by remaining contractual maturities at the date of the statement of financial position.

The amounts disclosed in the table are the contractual undiscounted cash flow, whereas the group manages the liquidity risk based on the undiscounted expected cash flows and not the contractual cash flows.

EGP in thousands

30 September 2018	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities						
Due to banks	2,309	-	-	-	-	**2,309**
Repo	1,175	-	1,125	-	-	**2,300**
Customers deposits	10,352,275	2,085,032	4,688,664	10,560,806	10,398	**27,697,175**
Total liabilities (contractual maturity dates)	**10,355,759**	**2,085,032**	**4,689,789**	**10,560,806**	**10,398**	**27,701,784**
Assets held for managing liquidity risk (contractual maturity dates)	**11,617,226**	**4,064,578**	**9,458,255**	**9,006,331**	**205,596**	**34,351,986**

31 December 2017	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities						
Due to banks	2,555	-	-	-	-	2,555
Treasury bills Sold with repurchase agreements	-	-	1,189	-	-	1,189
Customers deposits	6,115,432	2,943,994	3,710,764	8,811,977	17,923	21,600,090
Other Loans	405	300	5,309	7,351	-	13,365
Total liabilities (contractual maturity dates)	**6,118,392**	**2,944,294**	**3,717,262**	**8,819,328**	**17,923**	**21,617,199**
Assets held for managing liquidity risk (contractual maturity dates)	**9,578,091**	**4,092,854**	**6,463,945**	**7,847,420**	**188,280**	**28,170,590**

USD in thousands

30 September 2018	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities						
Due to banks	22,628	-	-	-	-	**22,628**
Customers deposits	382,819	73,433	90,162	138,611	30,666	**715,691**
Other Loans	-	-	-	30,000	-	**30,000**
Total liabilities (contractual maturity dates)	**405,447**	**73,433**	**90,162**	**168,611**	**30,666**	**768,319**
Assets held for managing liquidity risk (contractual maturity dates)	**236,874**	**242,410**	**197,753**	**103,205**	**2,816**	**783,058**

31 December 2017	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities						
Due to banks	5,000	-	-	-	-	5,000
Customers deposits	376,092	75,337	67,740	118,239	36,562	673,970
Other Loans	-	-	-	30,000	-	30,000
Total liabilities (contractual maturity dates)	**381,092**	**75,337**	**67,740**	**148,239**	**36,562**	**708,970**
Assets held for managing liquidity risk (contractual maturity dates)	**190,981**	**388,017**	**58,026**	**72,596**	**1,097**	**710,717**

EUR in thousands

30 September 2018	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Liabilities						
Due to banks	-	-	-	-	50	50
Customers deposits	35,746	12,549	19,414	33,401	7,713	108,823
Total liabilities (contractual maturity dates)	35,746	12,549	19,414	33,401	7,763	108,873
Assets held for managing liquidity risk (contractual maturity dates)	**91,921**	**15,305**	**2,892**	**2,528**	**231**	**112,877**

31 December 2017	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Liabilities						
Due to banks	-	-	-	-	-	-
Customers deposits	65,681	14,370	20,388	29,150	8,522	138,111
Total liabilities (contractual maturity dates)	**65,681**	**14,370**	**20,388**	**29,150**	**8,522**	**138,111**
Assets held for managing liquidity risk (contractual maturity dates)	**123,183**	**11,489**	**1,324**	**2,797**	**256**	**139,049**

The group has divided the financial assets and liabilities as per the contractual maturity to the periods mentioned above through the main automated system of group, expected returns on those financial assets and liabilities were calculated and divided on the same basis as the above mentioned basis. When calculating, the expected returns non-renewal of those assets and liabilities at maturity has been assumed. Available assets used to meet all the liabilities and to cover all the commitments related to loans include cash, balances with central banks and sue from banks, treasury bills and other governmental securities, and loans and advances to banks and customers.

Proportion of loans to clients maturity has been extended which are due within a year and during the normal activity of the group. In addition, there are some pledged debt instruments, treasury bills and government securities to guarantee the liabilities. The Group has the ability to meet the unexpected net cash flows through the sale of securities and to find other sources of funding.

Derivatives

a) Derivatives settled on a net basis

The Group's derivatives that will be settled on a net basis include:

- Foreign exchange derivatives: over-the-counter (OTC) currency options, currency futures, exchange traded currency options; and
- Interest rate derivatives: interest rate swaps for which net cash flows are exchanged, forward rate agreements, OTC interest rate options, exchange traded interest rate futures, exchange traded interest rate options and other interest rate contracts.

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

30 September 2018	**Up to 1month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Derivatives						
Interest rate derivatives	-	-	1,381	-	-	1,381
Total	**-**	**-**	**1,381**	**-**	**-**	**1,381**

31 December 2017	**Up to 1month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Derivatives						
Interest rate derivatives	-	(746)	189	-	-	(557)
Total	**-**	**(746)**	**189**	**-**	**-**	**(557)**

b) Derivatives settled on a gross basis

The group's derivatives that will be settled on a gross basis include:

- Foreign exchange derivatives: currency forward, currency swaps; and
- Interest rate derivatives: interest rate swaps for which cash flows are exchanged on a gross basis, cross currency interest rate swaps

The table below analyses the group's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(All amounts are in thousand Egyptian pounds)

30 September 2018	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Derivatives						
Foreign exchange derivatives						
– Outflow	707,372	38,753	378	-	-	746,503
– Inflow	704,510	37,620	378	-	-	742,508
Total outflow	**707,372**	**38,753**	**378**	**-**	**-**	**746,503**
Total inflow	**704,510**	**37,620**	**378**	**-**	**-**	**742,508**

31 December 2017	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Derivatives						
Foreign exchange derivatives						
– Outflow	438,641	78,016	156,625	-	-	673,282
– Inflow	437,861	68,252	137,433	-	-	643,546
Total outflow	**438,641**	**78,016**	**156,625**	**-**	**-**	**673,282**
Total inflow	**437,861**	**68,252**	**137,433**	**-**	**-**	**643,546**

Off-balance sheet items

(All amounts are in thousand Egyptian pounds)

30 September 2018	1 year	1-5 years	Over 5 years	Total
Loan commitments	2,257,139	7,635	259,384	**2,524,158**
Acceptances, LC's and LG's	7,307,030	2,275,540	23,574	**9,606,144**
Capital commitments	17,585	-	-	**17,585**
Total	**9,581,754**	**2,283,175**	**282,958**	**12,147,887**

D. Fair value of financial assets and liabilities

D.1 Financial instruments measured at fair value using valuation techniques

The change in the assessed fair value using the valuation techniques through the financial period is (59,877) thousand (2017: 88,748 thousand).

D.2 Financial instruments not measured at fair value

Due from Banks

The fair value of due from banks represents the book value, where all balances are current balances matured during the year.

Loans and advances to customers

Loans and advances are net of charges for impairment loan losses. Loans and advances to customers divided into current and noncurrent balances the book value of the current balances is considered the fair value, and the non-current balances cannot be determined their fair value.

Investment securities

Investment securities disclosed in the table above comprise only those financial assets classified as held to maturity.

The fair value for loans and receivables and 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 Banks

The fair value of due to banks represents the book value, where all balances are current balances matured during the year

Deposits due to customers:

The customer deposits are divided in to current and non-current balances. The book value of the current balances is considered the fair value, while the non-current balances cannot be determined as a fair value

E. Capital management

The group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by Arab Republic of Egypt.
- To safeguard the group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the group's management, employing techniques based on the guidelines developed by the Basel Committee and the European Community Directives, as implemented by the Central Bank of Egypt (CBE)f or supervisory purposes, the required information is filed with the Authority on a quarterly basis.

The CBE requires the group to:

1) Retain the amount of 500 million EGP as minimum for the issued share capital and paid-up
2) The group maintains a ratio of 10% or more of total regulatory capital to its risk-weighted assets and liabilities.

The capital adequacy ratio numerator comprises two tiers:

Tier 1 capital:
Consists of two parts, going concern capital and additional going concern

Tier 2 capital:
Gone concern capital, qualifying subordinated loan capital, consists of:

- 45% of the value of foreign currency translation differences reserve.
- 45% of the value of the special reserve.
- 45% of the increase in fair value the carrying value of financial investments (if positive).
- 45% of reserve fair value of available-for-sale financial investments.
- 45% of the increase in fair value the carrying value of financial investments held to maturity.
- 45% of the increase in the fair value of the book value of financial investments in subsidiaries and affiliates.
- Other financial convoluted instruments.
- Subordinated loans.
- Loan loss provision "General" by not more than 1.25% of total assets and contingent liabilities weighted risk weights.

Type of Risk:

- Credit Risk.
- Market Risk.
- Operations Risk.

The risk weighted assets are between zero and 100% classified according to the nature of the debit party for each asset which reflect the assets related credit risk taking into consideration the cash guarantees. The same treatment is used for the off balance sheet amounts after performing the adjustments to reflect the contingent nature and the expected losses for these amounts.

The bank complied with local capital requirements and with the countries requirements where outside branches (based on Basel II) were operating in the last two years.

	30 September 2018 LE,000	**31 December 2017 LE,000**
Going Concern Capital	5,236,205	4,087,039
Gone Concern Capital	883,089	850,775
Total Capital	**6,119,294**	**4,937,814**
Credit Risk	23,751,496	21,409,797
Market Risk	104,985	68,842
Operation Risk	4,401,100	4,401,099
Top 50 Effect	1,383,214	746,316
Total Risks	**29,640,795**	**27,032,023**
Capital Adequacy Ratio %	**%20.64**	**%18,55**

Leverage Ratio:

	30 September 2018 LE,000	31 December 2017 LE,000
Going Concern Capital	**5,236,205**	**4,087,039**
On Balance Sheet Risk	53,267,651	45,578,748
Derivatives Risk	7,187	9,458
Off Balance Sheet Risk	5,888,302	5,353,187
Total Risks	**59,163,140**	**50,941,393**
Leverage Ratio %	**8.85%**	**%8.02**

4. Critical accounting estimates and judgments

The group makes estimates and assumptions that affect the presented amounts of assets and liabilities within the next financial year. Estimates and judgments are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events which believed to be reasonable during the current conditions and available information.

A. Impairment losses on loans and advances

The group reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the group makes judgments as to whether there is any observable data indicating an impairment trigger followed by measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. 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.

B. Impairment of available-for-sale equity investments

The group 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 group evaluates among other factors, the volatility in share price. In addition, objective evidence of impairment may be deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

Had all the declines in fair value below cost been considered significant or prolonged, the group would have recognized an additional loss presented in the transfer from the fair value reserve to the in the income statement.

C. Fair value of Derivatives

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

D. Held-to-maturity investments

The group classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgment. In making this judgment, the group evaluates its intention and ability to hold such investments to maturity. If the group were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the group is required to reclassify the entire category as available for sale. Accordingly, the investments would be measured at fair value instead of amortized cost, in addition to hanging the classification of any investments in this category.

E. Income taxes

The group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period where the differences exist.

5. Segment analysis

Segment activity involves operating activities, assets used in providing banking services, and risk and return management associated with this activity, which might differ from other activities. Segment analysis for the banking operations involves the following:

Large, medium, and small enterprises:
Including current account, deposit, overdraft account, loan, credit facilities, and financial derivative activities.
Investment:
Encompasses money management activities.
Retail:
Encompasses current account, saving account, deposit, credit card, personal loans, and real estate loans activities,
Asset and liability management:
Encompasses other banking operations, such as asset and liability management. It also encompasses administrative expenses that can hardly be classified with other sectors.
Transactions among segments are performed according to the group's operating cycle, and include operating assets and liabilities as presented in the group's statement of financial position.

a. Segment reporting analysis

30 September 2018	Corporate banking	SMEs	Investment banking	Retail	Assets and liabilities management	Total
Revenues and expenses according to the sector activity						
Revenues of the sector activity	843,797	369,048	118,018	1,165,420	330,055	2,826,338
Expenses of the sector	(123,825)	(56,935)	(74,699)	(614,201)	(2,800)	(872,460)
Result of the sector operations	**719,972**	**312,113**	**43,319**	**551,219**	**327,255**	**1,953,878**
Profit before tax	719,972	312,113	43,319	551,219	327,255	1,953,878
Taxes	(136,352)	(62,977)	(22,345)	(150,695)	(68,131)	(440,500)
Net profit	**583,620**	**249,136**	**20,974**	**400,524**	**259,124**	**1,513,378**
Assets and Liabilities according to the sector activity						
Assets of the sector activity	11,596,516	1,651,638	16,575,979	6,792,444	16,286,072	52,902,649
Total assets	**11,596,516**	**1,651,638**	**16,575,979**	**6,792,444**	**16,286,072**	**52,902,649**
Liabilities of the sector activity	15,547,535	5,334,276	453,352	22,854,588	3,095,048	47,284,799
Total Liabilities	**15,547,535**	**5,334,276**	**453,352**	**22,854,588**	**3,095,048**	**47,284,799**

30 September 2017	Corporate banking	SMEs	Investment banking	Retail	Assets and liabilities management	Total
Revenues and expenses according to the sector activity						
Revenues of the sector activity	878,456	342,681	114,476	999,762	469,224	**2,804,599**
Expenses of the sector	(253,948)	(140,091)	(29,685)	(419,389)	(747)	**(843,860)**
Result of the sector operations	**624,508**	**202,590**	**84,791**	**580,373**	**468,477**	**1,960,739**
Profit before tax	624,508	202,590	84,791	580,373	468,477	**1,960,739**
Taxes	(145,086)	(50,431)	(19,434)	(135,261)	(112,899)	**(463,111)**
Net profit	**479,422**	**152,159**	**65,357**	**445,112**	**355,578**	**1,497,628**
Assets and Liabilities according to the sector activity						
Assets of the sector activity	9,646,919	1,395,378	1,862,250	6,168,206	28,226,425	**47,299,178**
Total assets	**9,646,919**	**1,395,378**	**1,862,250**	**6,168,206**	**28,226,425**	**47,299,178**
Liabilities of the sector activity	13,126,760	5,734,036	57,935	20,633,302	2,823,585	**42,375,618**
Total Liabilities	**13,126,760**	**5,734,036**	**57,935**	**20,633,302**	**2,823,585**	**42,375,618**

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b. Geographical sector analysis

30 September 2018	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenues & Expenses according to the geographical sectors				
Revenues of the Geographical sectors	4,667,997	146,819	97,879	**4,912,695**
Expenses of the Geographical sectors	(2,657,625)	(83,400)	(55,600)	**(2,796,625)**
Result of sector operations	**2,010,372**	**63,419**	**42,279**	**2,116,070**
Profit before tax	2,010,372	63,419	42,279	**2,116,070**
Tax	(416,718)	(14,269)	(9,513)	**(440,500)**
Profit of the period	**1,593,654**	**49,150**	**32,766**	**1,675,570**

30 September 2017	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenues & Expenses according to the geographical sectors				
Revenues of the Geographical sectors	4,025,976	308,851	104,980	4,439,807
Expenses of the Geographical sectors	(2,148,933)	(253,432)	(76,703)	(2,479,068)
Result of sector operations	**1,877,043**	**55,419**	**28,277**	**1,960,739**
Profit before tax	1,877,043	55,419	28,277	1,960,739
Tax	(444,280)	(12,469)	(6,362)	(463,111)
Profit of the period	**1,432,763**	**42,950**	**21,915**	**1,497,628**

6. **Net interest income**	**30 September 2018 LE,000**	**30 September 2017 LE,000**
Interest on loans and similar income		
To customers	2,320,281	1,872,009
	2,320,281	**1,872,009**
Treasury bills	1,043,895	959,302
To banks	294,050	401,127
Investments in HTM and AFS debt instruments	420,612	272,818
	1,758,557	**1,633,247**
	4,078,838	**3,505,256**
Interest expenses and similar charges		
Deposits and current accounts:		
To banks	(47,774)	(41,690)
To customers	(1,833,127)	(1,382,489)
Other Loans	(25,394)	(12,264)
To Others	(73)	(35)
	(1,906,368)	**(1,436,478)**
Net interest income	**2,172,470**	**2,068,778**

7. **Net fee and commission income**	**30 September 2018 LE,000**	**30 September 2017 LE,000**
Fee and Commission income :		
Credit related fees and commissions	526,804	552,378
Trust and other fiduciary fees	7,124	9,583
Other fees	130,458	99,487
	664,386	**661,448**
Fee and Commission expense :		
Other fees and commissions paid	(170,989)	(153,966)
	(170,989)	**(153,966)**
Net fee and Commission	**493,397**	**507,482**

8. **Dividend Income**	**30 September 2018 LE,000**	**30 September 2017 LE,000**
Mutual fund investemnets	4,523	3,041
HTM Investments	1,125	338
	5,648	**3,379**

9. Net trading income

	30 September 2018 LE,000	30 September 2017 LE,000
Foreign exchange:		
Gains from foreign currencies transactions	134,144	204,720
Gain on revaluation of forward rate contracts	675	4,575
Gain on revaluation of currency swap contracts	58	45
Gain on revaluation of option deals	393	1,523
Debt trading instruments	16,484	23,748
Equity trading instruments	5	5
	151,759	**234,616**

10. Gains from financial investments

	30 September 2018 LE,000	30 September 2017 LE,000
Gain (Loss) on sale of AFS	-	3
Gain on sale of Treasury Bills	12,064	35,105
	12,064	**35,108**

11. Impairment income (charge) for credit losses

	30 September 2018 LE,000	30 September 2018 LE,000
Loans and advances to customers	81,096	(71,163)
	81,096	**(71,163)**

12. Administrative expenses

	30 September 2018 LE,000	30 September 2017 LE,000
Staff costs		
Wages and salaries	(352,178)	(319,692)
Social insurance costs	(77,177)	(55,175)
	(429,355)	**(374,867)**
Other Administrative expenses	(336,249)	(337,011)
Stamp Duty on Loans	(25,760)	(60,819)
	(791,364)	**(772,697)**

13. **Other operating expenses**	**30 September 2018 LE,000**	**30 September 2017 LE,000**
Other provisions	(12,283)	(55,316)
Revaluation (loss) gain on foreign currencies assets & Liabilities rather than those held for trading	324	452
Profit on asset acquired revaluation	(207)	295
Profit on sale of fixed assets	1	4,232
Others	3,165	5,573
	(9,000)	**(44,764)**

14. **Income tax expense**	**30 September 2018 LE,000**	**30 September 2017 LE,000**
Profit before tax	**2,121,746**	**1,960,738**
Tax calculated at applied tax rate	(477,393)	(441,166)
Nondeductible expenses	(49,255)	(88,885)
Tax exempted income	86,148	66,940
Income tax expense	**(440,500)**	**(463,111)**
Effective tax rate	**20.8%**	**23.6%**

15. **Cash and due Central Bank of Egypt**	**30 September 2018 LE,000**	**30 September 2017 LE,000**
Cash in hand	1,920,613	1,230,670
Balances with the Central Bank of Egypt limited to the reserve ratio	2,771,192	3,609,361
	4,691,805	**4,840,031**
Non-interest bearing balances	4,691,805	4,840,031
	4,691,805	**4,840,031**

16. Due from banks

	30 September 2018 LE,000	3 December 2017 LE,000
Current accounts	1,058,950	582,071
Placements with other banks	10,157,490	10,867,824
	11,216,440	**11,449,895**
Central banks	2,715,118	5,903,122
Local banks	1,864,008	1,203,693
Foreign banks	6,637,314	4,343,080
	11,216,440	**11,449,895**
Non-interest bearing balances	1,058,950	2,459,371
Fixed interest bearing balances	10,157,490	8,990,524
	11,216,440	**11,449,895**

17. Treasury bills

	30 September 2018 LE,000	31 December 2017 LE,000
Treasury bills represent the following according to maturities:		
Treasury bills, maturity 91 days	710,700	133,975
Treasury bills, maturity 182 days	1,667,900	895,150
Treasury bills, maturity 273 days	2,187,150	1,996,800
Treasury bills, maturity 364 days	7,742,925	5,305,114
Unearned interest	(632,809)	(362,707)
	11,675,866	**7,968,332**

18. Held for trading investments

	30 September 2018 LE,000	31 December 2017 LE,000
Debt securities held for trading		
Government bonds	9,795	57,211
	9,795	**57,211**
Equity securities:		
Mutual funds certificates	-	5,807
	-	**5,807**
Total	**9,795**	**63,018**

19. Loans to banks	30 September 2018 LE,000	31 December 2017 LE,000
Other loans	118,642	201,460
Total	**118,642**	**201,460**

20. Loans and advances to customers (net)	30 September 2018 LE,000	31 December 2017 LE,000
Individual		
Overdrafts	70,789	70,608
Credit cards	908,706	900,097
Personal Loans	5,964,018	5,193,169
Mortgages	224,688	237,868
Total (1)	**7,168,201**	**6,401,742**
Corporate entities		
Overdrafts	9,929,320	8,200,075
Direct Loans	809,145	747,878
Syndicated loans	2,754,588	1,777,507
Other Loans	519,239	851,477
Total (2)	**14,012,292**	**11,576,937**
Total Loans and advances (1+2)	**21,180,493**	**17,978,679**
Less : suspense interest	(48,410)	(44,474)
Less: allowance for impairment	(1,149,630)	(1,262,140)
Net	**19,982,453**	**16,672,065**
Current Balances	11,798,894	10,393,146
Non-Current Balances	9,381,599	7,585,533
	21,180,493	**17,978,679**

Allowance for impairment

Reconciliation of allowance account for losses on loans and advances by class is as follows:

30 September 2018

Individuals	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Balance at the beginning of the period	490	34,308	125,650	11,374	171,822
Impairment charges	(90)	3,364	31,050	(173)	34,151
Loans written off during the period	-	(7,584)	(29,665)	-	(37,249)
Amount recoveries during the period	-	4,349	21,078	-	25,427
Balance at the period end	**400**	**34,437**	**148,113**	**11,201**	**194,151**

Corporate entities	Overdrafts	Direct Loans	Syndicated loans	Other Loans	Total
Balance at the beginning of the period	766,761	176,061	107,183	42,066	1,092,071
Impairment income	(191,134)	40,693	(73,253)	108,447	(115,247)
Loans written off during the period	(27,766)	-	-	-	(27,766)
Transfers	2,366	-	-	-	2,366
Exchange differences	2,845	656	398	156	4,055
Balance at the period end	**553,072**	**217,410**	**34,328**	**150,669**	**955,479**
Total					**1,149,630**

31 December 2017

Individuals	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Balance at the beginning of the year	159	34,250	119,496	7,927	161,832
Impairment charges	331	5,941	12,097	3,437	21,806
Loans written off during the year	-	(11,578)	(34,632)	-	(46,210)
Amount recoveries during the year	-	5,695	28,967	-	34,662
Balance at the year end	**490**	**34,308**	**125,928**	**11,364**	**172,090**

Corporate entities	Overdrafts	Direct Loans	Syndicated loans	Other Loans	Total
Balance at the beginning of the year	875,828	159,908	102,849	89,573	1,228,158
Impairment charges	150,815	16,046	5,784	(46,246)	126,399
Loans written off during the year	(313,794)	-	-	-	(313,794)
Amount recoveries during the year	66,645	-	-	-	66,645
Transfers	-	-	-	-	-
Exchange differences	(12,338)	(2,308)	(1,450)	(1,262)	(17,358)
Balance at the year end	**767,156**	**173,646**	**107,183**	**42,065**	**1,090,050**
Total					**1,262,140**

21. Derivatives financial instruments

The Bank uses the following derivative instruments for both hedging and non-hedging purposes.

- Currency forwards represent commitments to purchase foreign and domestic currency, including undelivered spot transactions. Foreign currency and interest rate futures are contractual obligations to receive or pay a net amount based on changes in currency rates or interest rates, or to buy or sell foreign currency or a financial instrument on a future date at a specified price, established in an active financial market.

- Forward rate agreements are individually negotiated interest rate futures that call for a cash settlement at a future date for the difference between a contracted rate of interest and the current market rate, based on a notional principal amount.

- Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (for example, fixed rate for floating rate) or a combination of all these (i.e., cross-currency interest rate swaps). No exchange of principal takes place, except for certain currency swaps.

- The Bank’s credit risk represents the potential cost to replace the swap contracts if counterparties fail to fulfill their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, and a proportion of the notional amount of the contracts. To control the level of credit risk taken, the Bank assesses counterparties using the same techniques as for its lending activities.

- Foreign currency and interest rate options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set year, a specific amount of a foreign currency or a financial instrument at a pre-determined price. The seller receives a premium from the purchaser in consideration for the assumption of foreign exchange or interest rate risk. Options may be either exchange-traded or negotiated between the Bank and a customer (OTC). The Bank is exposed to credit risk on purchased options only, and only to the extent of their carrying amount, which is their fair value.

- The notional amounts of certain types of financial instrument provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank’s exposure to credit or price risks.

- The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

Derivatives:

30 September 2018	Contractual amount	Assets	Liabilities
Derivatives held for trading			
Currency forwards	498,081	110	1,725
Currency swaps	244,049	326	1,680
OTC currency options	34,115	378	378
	776,245	**814**	**3,783**
Interest rate derivatives			
Interest rate swaps	2,182,962	1,527	1,527
	2,182,962	**1,527**	**1,527**
Total derivatives held for trading	**2,959,207**	**2,341**	**5,310**

31 December 2017	Contractual amount	Assets	Liabilities
Derivatives held for trading			
Currency forwards	599,935	4,090	17,870
Currency swaps	39,253	326	48
OTC currency options	478,682	4,362	4,362
	1,117,870	**8,778**	**22,280**
Interest rate derivatives			
Interest rate swaps	2,741,462	1,046	1,046
	2,741,462	**1,046**	**1,046**
Total derivatives held for trading	**3,859,332**	**9,824**	**23,326**

22. Financial Investments	30 September 2018 LE,000	31 December 2017 LE,000
Available for sale investments		
Listed debt securities - at fair value	3,785,186	3,055,009
Unlisted debt securities - at fair value	27,449	28,988
Unlisted Equity securities – at Cost	13,025	12,993
Total available for sale Investments	**3,825,660**	**3,096,990**
Held to maturity investment		
Mutual fund Certificates - according to law requirements	76,634	76,634
Total held to maturity investments	**76,634**	**76,634**
Total Financial investments	**3,902,294**	**3,173,624**

Current Balances	1,336,820	1,147,393
Non-current balances	2,565,474	2,026,231
	3,902,294	**3,173,624**

Debt instruments with fixed interest rates	3,812,635	3,083,997
Debt instruments with variable interest rates	-	-
	3,812,635	**3,083,997**

The movement in financial investments during the year may be summarized as follows:

30 September 2018	**Available for sale**	**Held to maturity**	**Total**
Balance at 1 January	3,096,990	76,634	3,173,624
Additions	1,642,868	-	1,642,868
Disposals (sale / redemption)	(867,836)	-	(867,836)
Premium / discount amortization	10,837	-	10,837
Exchange difference on monetary assets	(19)	-	(19)
Changes in fair value	(57,180)	-	(57,180)
Balance at 30 September	**3,825,660**	**76,634**	**3,902,294**

31 December 2017	**Available for sale**	**Held to maturity**	**Total**
Balance at 1 January	2,313,356	76,634	2,389,990
Additions	1,216,357	-	1,216,357
Disposals (sale / redemption)	(525,055)	-	(525,055)
Premium / discount amortization	4,658	-	4,658
Exchange difference on monetary assets	4,595	-	4,595
Changes in fair value	86,693	-	86,693
Gain on sale	4	-	4
Impairment losses on sale	(3,618)	-	(3,618)
Balance at 31 December	**3,096,990**	**76,634**	**3,173,624**

23. Other assets

	30 September 2018 LE,000	**31 December 2017 LE,000**
Accrued revenues	379,756	300,863
Prepaid expenses	44,232	32,365
Advance payments for purchase of fixed assets	5,086	19,522
Assets reverted to the Bank in settlement of debts	68,328	67,477
Deposits with others and imprest fund	19,273	36,407
Other	92,805	44,471
Total	**609,480**	**501,105**

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24. Intangible assets

A. Software

	30 September 2018 LE,000	31 December 2017 LE,000
Balance at beginning of comparative year		
Cost	210,854	203,620
Accumulated depreciation	(135,773)	(138,076)
Net book value	**75,081**	**65,544**
Balance for the current year		
Costs Adjustment	-	(102)
Additions	36,851	19,982
Transfers	-	3,634
Depreciation expense	(14,662)	(14,188)
Depreciation Adjustment	-	211
Net Book Value at the end of the current year	**97,270**	**75,081**
Balance at the end of the current year		
Cost	247,705	210,854
Accumulated depreciation	(150,435)	(135,773)
Net book value	**97,270**	**75,081**

25. Fixed Assets

	Land	Buildings	Computer systems	Vehicles	Fixtures	Machinery and equipment	Furniture	Other	Total
Balance as of previous period									
Cost	108,729	396,201	191,271	17,597	206,962	33,952	32,749	63,591	**1,051,052**
Accumulated Depreciation	-	(89,835)	(136,594)	(11,967)	(157,978)	(23,173)	(13,114)	(25,416)	**(458,077)**
Net book value as of beginning of previous year	**108,729**	**306,366**	**54,677**	**5,630**	**48,984**	**10,779**	**19,635**	**38,175**	**592,975**
Costs Adjustment	-	-	(919)	-	(681)	-		28	**(1,572)**
Additions	-	-	12,561	1,543	6,978	9,454	1,252	2,909	**34,697**
Disposals - Cost	-	(1,179)	(3,707)	(2,068)	(3,961)	(3,125)	(655)	(860)	**(15,555)**
Transfers	-	-	(3,634)	-	-				**(3,634)**
Depreciation expense	-	(14,041)	(15,928)	(2,097)	(17,317)	(2,698)	(2,802)	(5,731)	**(60,614)**
Disposals – Accumulated Depreciation	-	1,179	3,688	2,003	3,961	3,065	622	834	**15,352**
Depreciation Adjustment	-	-	632	-	300	-	-	54	**986**
Net book value as of Ending of previous period	**108,729**	**292,325**	**47,370**	**5,011**	**38,264**	**17,475**	**18,052**	**35,409**	**562,635**
Balance as of 1 January									
Cost	108,729	395,022	195,572	17,072	209,298	40,281	33,346	65,668	**1,064,988**
Accumulated Depreciation	-	(102,697)	(148,202)	(12,061)	(171,034)	(22,806)	(15,294)	(30,259)	**(502,353)**
Net Book value	**108,729**	**292,325**	**47,370**	**5,011**	**38,264**	**17,475**	**18,052**	**35,409**	**562,635**
Additions	-	-	58,978	5,407	7,906	1,065	1,565	6,750	**81,671**
Disposals – Cost	-	-	(9,300)	-	(1,661)	(3)	-	(4)	**(10,968)**
Depreciation expense	-	(10,495)	(14,517)	(1,825)	(12,180)	(2,570)	(2,149)	(4,307)	**(48,043)**
Disposals – Accumulated Depreciation	-	-	9,300	-	1,661	3	-	4	**10,968**
Net book value	**108,729**	**281,830**	**91,831**	**8,593**	**33,990**	**15,970**	**17,468**	**37,852**	**596,263**
Balance as of current period									
Cost	108,729	395,022	245,250	22,479	215,543	41,343	34,911	72,414	**1,135,691**
Accumulated Depreciation	-	(113,192)	(153,419)	(13,886)	(181,553)	(25,373)	(17,443)	(34,562)	**(539,428)**
Net book value	**108,729**	**281,830**	**91,831**	**8,593**	**33,990**	**15,970**	**17,468**	**37,852**	**596,263**

26. Due to banks

	30 September 2018 LE,000	31 December 2017 LE,000
Current accounts	415,951	2,555
Deposits	-	88,639
	415,951	**91,194**
Local banks	8,282	88,638
Foreign banks	407,669	2,556
	415,951	**91,194**
Non-interest bearing	415,951	2,555
Interest bearing	-	88,639
	415,951	**91,194**

27. Treasury bills Sold with repurchase agreements

	30 September 2018 LE,000	31 December 2017 LE,000
Treasury bills, maturity 364 days	2,300	1,189
	2,300	**1,189**

28. Customers' deposits

	30 September 2018 LE,000	31 December 2017 LE,000
Demand deposits	13,655,212	11,184,934
Time and call deposits	12,298,219	11,653,951
Certificates of deposits	8,024,694	7,171,244
Saving accounts	4,685,181	4,714,199
Other deposits	4,816,863	2,355,364
Total	**43,480,169**	**37,079,692**
Corporate Deposits	22,855,327	18,575,529
Retail Deposits	20,624,842	18,504,163
	43,480,169	**37,079,692**
Current Balances	28,322,221	24,111,420
Non-current balances	15,157,948	12,968,272
	43,480,169	**37,079,692**
Non-interest bearing balances	18,472,075	13,540,298
Interest bearing balances	25,008,094	23,539,394
	43,480,169	**37,079,692**

29. Long-term Loans

	Loan interest rate	30 September 2018 LE,000	31 December 2017 LE,000
Egyptian Co. for Housing Refinance	11.50%	60,078	13,365
Credit Agricole SA - France	3.94%	179,145	177,277
Credit Agricole SA - France	3.87%	179,145	177,277
Credit Agricole SA - France	4.29%	179,145	177,277
		597,513	**545,196**

30. Other Liabilities

	30 September 2018 LE,000	31 December 2017 LE,000
Accrued interest	279,883	221,507
Unearned revenue	30,888	38,279
Accrued expenses	547,849	558,560
Other creditors	1,309,975	935,738
	2,168,595	**1,754,084**

31. Other provisions

	30 September 2018 LE,000	31 December 2017 LE,000
At 1 January	**238,376**	**201,037**
Exchange differences	1,502	(2,658)
Charged to the income statement	12,283	41,006
Utilized during year	(3,620)	(1,009)
	248,541	**238,376**

Other provisions represent the following:

Provision for contingent claims	62,286	50,169
Provision for contingent liabilities	186,255	188,207
Balance	**248,541**	**238,376**

32. **Retirement benefit obligations**	**30 September 2018 LE,000**	**31 December 2017 LE,000**
Balance sheet obligations for:		
Post-employment medical benefits	110,339	110,339
	110,339	**110,339**

- There is a liability on the Bank towards the Post-Employment Medical Benefits Fund for the payment of medical insurance premiums for the ex-employees of ex-EAB who reach the retirement age or resign from ex-EAB before its merger with Calyon Bank – Egypt in September 2006.
- The Bank is obligated to pay these premiums for providing medical care for the retired employees' spouses and children till death, or reach 21 years of age in respect of children.
- The Bank entrusted an actuary with determining the net present value of all future medical insurance premiums required to be paid by the Bank until the death of retirees & their spouses, and their children until reaching 21 years of age.
- The most important assumptions used by the actuary are as follows:
  Interest rate used as a discount basis 17.20%
  Inflation Rate of medical care costs 17.5%
- The assumption of death rates were made according to the British Mortality Table no. A49/52.
- The Bank entrusted the actuary to determine the net present value of the obligation resulting from retirement benefits that the employee will receive upon retirement.
- The most important assumptions used by the actuary are as follows:
  Interest rate used as a discount basis 17.20%
  Rates of salary increases 17.5%
- The assumption of death rates were made according to the British Mortality Table no. (A49/52).
- There is no liability on the Bank as at 30 September 2014 resulting from Defined-Benefit Obligations (Retirement Benefits) for the CAE Provident Fund of the Staff who reach the retirement age, or in cases of disability, death or resignation. That is because the present value of the Fund benefit obligations is lower than the fair value of the Fund's assets.

33. Share capital and reserves

The bank authorized share capital with LE 3,500,000,000. The issued and paid up capital is LE 1,243,668,000 divided into 310,917,000 ordinary shares with par value LE 4 each and there is no treasury stock.

The following is a list of the shareholders of the bank:

Shareholder	**No. of shares**	**% of ownership**	**Amount 000'EGP**
Credit Agricole SA	147,329,416	47.39%	589,318
Credit Agricole Corporate and Investment	40,625,052	13.07%	162,500
Ali Bin Hassan Bin Ali Dayekh	20,537,052	6.61%	82,148
Almansour and Almaghraby for development and investment.	325	0.00%	1
Others	102,425,155	32.94%	409,701
Total	**310,917,000**	**100.00%**	**1,243,668**

34. Reserves and retained earning

A. Reserves	30 September 2018 LE,000	30 September 2017 LE,000
General risk reserve	840	560
Legal reserve	349,568	251,513
Special reserve	103,732	103,732
Capital reserve	59,132	54,890
Fair value reserve – available for sale investments	(78,592)	385
IFRS9 Risk Reserve	214,098	-
Total reserves	**648,778**	**411,080**

Movements in reserves were as follows:

	30 September 2018 LE,000	30 September 2017 LE,000
a. General risk reserve		
Balance at the beginning of the period	840	560
Balance	**840**	**560**
b. Legal reserve		
Balance at the beginning of the period	251,513	250,912
Transferred from the Net profit of the year	98,055	601
Balance	**349,568**	**251,513**
c. Special reserve		
Balance at the beginning of the period	103,732	103,732
Balance	**103,732**	**103,732**
d. Capital Reserve		
Balance at the beginning of the period	54,890	36,509
Transferred from the Net profit of the year	4,242	18,381
Balance	**59,132**	**54,890**
e. Fair value reserve – available for sale investments		
Balance at the beginning of the period	(21,412)	(108,105)
Revaluation differences in investments during the period	(57,180)	108,490
Balance	**(78,592)**	**385**
f. IFRS9 Risk Reserve		
Transferred from 2017 Net profit	214,098	-
Balance	**214,098**	**-**

B. Retained earnings	**30 September 2018 LE,000**	**30 September 2017 LE,000**
Balance at the beginning of the period	3,731,173	2,473,822
Dividend income	(1,364,961)	(683,672)
Transferred to Legal Reserve	(98,055)	(601)
Transferred to Capital Reserve	(4,242)	(18,381)
Transferred to IFRS9 Reserve	(214,098)	-
Profit of the period	1,675,569	1,497,628
Balance	**3,725,386**	**3,268,796**

35. Contingent liabilities and commitments

A. Loans, advances and Guarantees Commitments	**30 September 2018 LE,000**	**31 December 2017 LE,000**
Letters of guarantee	7,406,342	6,729,844
Commercial letters of credit (import and export)	1,635,890	1,222,344
Acceptances	563,913	576,288
Other contingent liability	2,524,158	1,976,746
Total	**12,130,303**	**10,505,222**

B. Operating Lease Commitments
Non

C. Legal Claims
There were a number of legal proceedings outstanding against the bank with provision amounted 26,6 million Egyptian pounds.

D. Capital Commitments
The bank had capital commitments of 17.6 million Egyptian pounds in respect of fixed assets purchases and branches fixtures and have not been implemented yet till the balance sheet date.

36. Cash and cash equivalents

For the purposes of the cash flow statement presentation, cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition.

	30 September 2018 LE,000	**30 September 2017 LE,000**
Cash and balances with central banks	1,920,614	1,671,653
Due from banks	9,703,310	10,186,645
Treasury bills	699,851	214,069
	12,323,775	**12,072,367**

37. Mutual funds

Credit Agricole Bank mutual fund no. (1)
The fund is one of the banking activities licensed by the capital law no. 95 for 1992 and its executive rules. The number of investment certificates in the fund have reached 3,000,000 certificates and their value 300,000,000 EGP. The bank owned 150 000 investment certificates (par value 15,000,000 EGP) Credit Agricole 1st fund managed by EFG Hermes, the redeemable price per IC amounted to LE 427.05 at balance sheet date and the total value is 64,057,500EGP.

According to the mutual fund management contract and prospects, CA obtains management fees and commission for monitoring and other managerial services, the total commissions amounted 561,367 EGP as of 30 September 2018 that was classified as fees and commission in the income statement.

Credit Agricole Bank mutual fund no. (2)
The mutual fund owns about 3,000,000 certificates (amounted 300,000,000 EGP) of which The bank owns 150,000 certificates (par value 15,000,000) for managing the mutual fund activity, their redemption value at the balance sheet date is 29,175,000 EGP with a redeemable price of 194.50 EGP per IC.

According to the mutual fund management contract and prospects, CA obtains management fees and commission for monitoring and other managerial services, the total commissions amounted 291,707 EGP as of 30 September 2018 that was classified as fees and commission income in the income statement.

Credit Agricole Bank mutual fund no. (3)

The mutual fund owns about 4,000,000 certificates (amounted 4,000,000,000 EGP) of which The bank owns 39 000 Certificates (par value 39,000,000 EGP) for managing the mutual fund activity, their redemption value at the balance sheet date is 43,219,020 EGP and a redeemable price of 1,108.18 EGP per IC.

According to the mutual fund management contract and prospects, CA obtains management fees and commission for monitoring and other managerial services, the total commissions amounted 1,585,439 EGP as of 30 September 2018 that was classified as fees and commission income n in the income statement.

Credit Agricole Bank mutual fund no. (4)
The mutual fund owns about 1,000,000 certificates (amounted 10,000,000 EGP) of which The bank owns 50,000 certificates (par value 5,000,000) for managing the mutual fund activity, their redemption value at the balance sheet date is 11,495,500 EGP with a redeemable price of 229.91 EGP per IC.

According to the mutual fund management contract and prospects, CA obtains management fees and commission for monitoring and other managerial services, the total commissions amounted 114,834 EGP as of 30 September 2018 that was classified as fees and commission income in the income statement.

38. Related party transactions

The Bank's parent company is Credit Agricole (France) which holds 47.39% of the common stock and the remaining portion of 52.61% is held by other shareholders presented in the capital disclosure.

The Bank had transactions with its related parties on an arm's length basis. The nature of such transactions and related balances as presented at the balance sheet date are as follows:

	Credit Agricole Group	
	30 September 2018 LE,000	**31 December 2017 LE,000**
Due from banks	37,892	18,756
Available for sale investments	27,449	28,988
Due to banks	62,892	2,383
Other Liabilities	35,829	35,455
General and Administrative expenses	11,188	51,680
Letters of Guarantee issued by the Bank	2,093,761	2,546,105
Other Loans	537,435	531,831

39. Short term wages and benefits

The monthly average of net total annual income of the banks' twenty employees with the largest wages and salaries collectively during the period amounted to 5,146 thousand EGP compared to 4,558 for the previous year

40. Tax position

1- Corporate Tax

Credit Agricole – Egypt

Period from Start-up date to 31 Dec. 2015
Tax examination was done together with internal committees & tax challenge committees, dispute was settled and due tax was paid.

Period to Dec.2016
Tax examination was done. Due tax was paid.

Period to 31 Dec.2017
Tax Paid

2- Income Tax

Credit Agricole– Egypt

Period from Start-up date to 31 Dec. 2016
Tax examination was done due tax was paid until 2016.

3- Stamp Duty

Stamp Duty under Law no. 143/2006
Credit Agricole – Egypt
Tax examination was done together with internal committees and due tax was paid until 2015.

41. Translation

These financial statements are a translation into English from the original Arabic statements. The original Arabic statements are the official financial statements.
