2017 Q3

"Financial Statements"

Crédit Agricole Egypt

CRÉDIT AGRICOLE

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CREDIT AGRICOLE - EGYPT

Egyptian Joint Stock Company
Separate Financial Statements
And Auditors' Limited Report
For The Period Ended 30 September 2017

Allied for Accounting & Auditing
EY

KPMG Hazem Hassan
Public Accountants & Consultants

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Independent Auditors' Limited Review Report

To : Credit Agricole Egypt (SAE) Board of Directors

Introduction

We have performed a limited review on the accompanying separate financial statements of Credit Agricole Egypt (SAE) which comprise the balance sheet as of 30 September 2017 and the statement of income, statement of changes in equity and cash flow statement for the period 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 interim financial statements consists of making inquiries , primarily of persons responsible for financial and accounting matters in the Bank , and applying analytical and other limited review procedures . A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit . Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion

Based on our limited review , nothing has come to our attention that causes us to believe that accompanying interim financial statement do not present fairly , in all material respects, the financial position of the Bank as of 30 September 2017 and of its financial performance and its cash flows for the period ended in accordance with the central bank of Egypt's rules issued on December 16,2008 and the prevailing Egyptian laws .

<u>Auditors</u>

Ashraf Mohamed Mohamed Ismael
Allied for Accounting & Auditing
EY

Salah Eldeen Elmasary
KPMG Hazem Hassan
Public Accountants & Consultants

Cairo 14 November 2017

Separate Balance Sheet - At 30 September 2017

(All amounts are in thousand Egyptian pounds)

	Notes	30 September 2017	31 December 2016
Assets			
Cash and due from Central Bank of Egypt	16	3,288,314	2,729,537
Due from banks	17	13,960,538	11,113,498
Treasury bills	18	8,838,107	10,420,278
Held for trading investments	19	50,098	286,131
Loans to banks	20	313,130	433,761
Loans and advances to customers	21	16,724,117	17,350,268
Derivative financial instruments	22	18,344	205,722
Financial Investments			
Available for sale investments	23	2,764,066	2,311,356
Held to maturity investments	23	76,634	76,634
Investments in Subsidiaries	24	143,822	143,822
Intangible assets	25	67,017	65,529
Other assets	26	525,826	489,111
Fixed assets	27	540,066	573,072
Total assets		**47,310,079**	**46,198,719**
Liabilities and Owners' Equity			
Liabilities			
Due to banks	28	135,431	516,443
Treasury bills Sold with repurchase agreements	29	1,200	-
Customers' deposits	30	39,260,405	39,153,359
Derivative financial instruments	22	23,032	200,401
Other Loans	31	529,458	-
Other liabilities	32	1,808,580	1,778,621
Current income tax liability		276,382	237,705
Other provisions	33	252,593	201,037
Retirement benefit obligations	34	65,535	65,535
Total liabilities		**42,352,616**	**42,153,101**
Owners' Equity			
Paid-in Capital	35	1,243,668	1,243,668
Reserves	36	408,210	281,431
Retained earnings	36	3,305,585	2,520,519
Total owners' equity		**4,957,463**	**4,045,618**
Total liabilities and owners' equity		**47,310,079**	**46,198,719**

Pierre Finas
Managing Director

Pascale Bohn
Chief Financial Officer

November 14, 2017

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

كريدي أجريكول مصر
CRÉDIT AGRICOLE EGYPT

Separate Statement of Income - At 30 September 2017

(All amounts are in thousand Egyptian pounds)

	Notes	From 1/1/2017 To 30/9/2017	From 1/1/2016 To 30/9/2016	From 1/7/2017 To 30/9/2017	From 1/7/2016 To 30/9/2016
Interest on loans and similar income	6	3,485,055	2,320,634	1,264,416	866,787
Interest expenses and similar charges	6	(1,432,871)	(864,905)	(527,668)	(329,737)
Net interest income		**2,052,184**	**1,455,729**	**736,748**	**537,050**
Fees and commission income	7	658,728	454,600	228,411	141,535
Fees and commission expense	7	(153,453)	(114,653)	(56,307)	(37,624)
Net fee and commission income		**505,275**	**339,947**	**172,104**	**103,911**
Dividend income	8	12,800	9,817	2,218	-
Net trading income	9	234,616	122,130	81,599	27,518
Gains from financial investments	10	35,108	4,785	12,514	4,582
Impairment charge for credit losses	11	(67,587)	(89,493)	15,630	(65,257)
Administrative expenses	12	(762,136)	(629,129)	(247,972)	(214,256)
Other operating (expense)income	13	(44,766)	48,316	(42,822)	44,014
Profit before income tax		**1,965,494**	**1,262,102**	**730,019**	**437,562**
Income tax expense	14	(461,937)	(286,399)	(175,497)	(94,133)
Profit for the period		**1,503,557**	**975,703**	**554,522**	**343,429**
Earnings per share	15	4.38	2.82	1.61	0.99

CRÉDIT AGRICOLE EGYPT

Separate statement of changes in owners' equity - At 30 September 2017

(All amounts are in thousand Egyptian pounds)

	Paid in capital	Reserves	Retained earnings	Total
30 September 2016				
Balance as at 1 January 2016	1,243,668	362,876	1,898,711	3,505,255
Dividends relating to 2015	-	-	(702,595)	(702,595)
Transfer to Capital reserve		21,875	(21,875)	-
Transfer to Legal reserve	-	20,589	(20,589)	-
Balances after profit distribution	**1,243,668**	**405,340**	**1,153,652**	**2,802,660**
Net change in fair value of available for sale investments, net of tax	-	(85,669)	-	(85,669)
Net profit for the period	-	-	975,703	975,703
Balance as at 30 September 2016	**1,243,668**	**319,671**	**2,129,355**	**3,692,694**

30 September 2017	Paid in capital	Reserves	Retained earnings	Total
Balance as at 1 January 2017	1,243,668	281,431	2,520,519	4,045,618
Dividends relating to 2016	-	-	(700,202)	(700,202)
Transfer to Capital reserve	-	18,289	(18,289)	-
Balances after profit distribution	**1,243,668**	**299,720**	**1,802,028**	**3,345,416**
Net change in fair value of available for sale investments, net of tax	-	108,490	-	108,490
Net profit for the period	-	-	1,503,557	1,503,557
Balance as at 30 September 2017	**1,243,668**	**408,210**	**3,305,585**	**4,957,463**

CRÉDIT AGRICOLE EGYPT

Separate Statement of Cash Flows - At 30 September 2017

(All amounts are in thousand Egyptian pounds)

	30 September 2017	30 September 2016
Cash flows from operating activities		
Net profit before tax	1,965,494	1,262,102
Adjustments to reconcile net profit to cash flow from operating activities:		
Depreciation and amortization	54,368	50,543
Impairment charge for Loans	67,587	89,493
Other provision charges	55,316	(25,905)
Used provision - other than loans provision	(458)	(2,816)
Amortization of discount on available for sale investments	(2,372)	8,187
Foreign currencies revaluation of provisions rather than LLP	(3,302)	8,948
Foreign currencies revaluation of investments rather than TRD	(3,712)	(3,124)
Impairment charge for AFS investments	-	6,994
(Profit) on sale of fixed assets	(4,230)	(18,284)
Operating profit before changes in operating assets & liabilities	2,128,393	2,128,396
Net decrease (increase) in assets and liabilities		
Due from Central Bank of Egypt	(309,845)	(419,986)
Due from banks	(1,801,215)	(2,694)
Treasury bills	1,121,083	(3,331,704)
Held for trading investments	236,033	(257,847)
Loans and advances	627,475	(533,077)
Derivative financial instruments (net)	10,009	(6,097)
Other assets	19,623	(57,627)
Due to banks	(381,012)	362,797
Customers' deposits	107,046	3,704,103
Other liabilities	31,159	198,972
Income taxes paid	(423,260)	(250,989)
Net cash from operating activities	**1,365,492**	**781,989**
Cash flows from investing activities		
Purchase of assets & branches leasehold improvements	(27,592)	(43,945)
Proceeds from sale of fixed assets	4,649	9,986
Proceeds from sale / redemption of securities other investments	440,051	930,345
Purchases of securities other than trading other investments	(778,187)	(1,288,895)
Net cash from investing activities	**(361,079)**	**(392,509)**
Cash flows from financing activities		
Other Loans	529,458	-
Dividends paid	(700,202)	(702,595)
Net cash from financing activities	**(170,744)**	**(702,595)**

Net cash and cash equivalents during the period	833,669	(313,115)
Cash and cash equivalents at beginning of the period	11,233,721	7,604,131
Cash and cash equivalents at end of the period	**12,067,390**	**7,291,016**

<u>Cash and cash equivalents are represented in :</u>

Cash and due from Central Bank of Egypt	3,288,314	2,861,430
Due from banks	13,960,538	6,313,852
Treasury bills	8,838,107	8,822,945
Balances with Central Bank of Egypt (Reserve ratio)	(1,616,681)	(1,781,017)
Deposits with banks (Maturity more than three months)	(3,773,906)	(827,998)
Treasury bills (Maturity more than three months)	(8,628,982)	(8,098,196)
Cash and cash equivalents at end of the period	**12,067,390**	**7,291,016**

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 2326 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.

Financial statements approved on board dated November 14, 2017

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**.**

- **Basis of preparation**

  The separate financial statements have been prepared in accordance with the rules of preparation and presentation of the Bank'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 separate financial statements are prepared in accordance with the requirements of related applicable Egyptian laws and regulations. The bank has prepared also consolidated Financial statements for the bank and its subsidiaries in accordance with the Egyptian accounting standards, which are companies in which the bank 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 bank management. Investments in subsidiaries and associates are presented in the separate financial statements along with their accounting treatment with cost less impairment loss.

  The bank's separate financial statements are read with its consolidated financial statements, as of and for the financial period ended 30 September 2017 so that complete information can be obtained about the financial position of the bank, the results of its operations, its cash flows, and changes in its owners' equity.

- **Subsidiaries and associates**

  - **Subsidiaries**

  Subsidiaries are all entities (including special purpose entities) over which the Bank 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 Bank controls another entity.

  - **Associates**

  Associates are all entities over which the bank 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 bank'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 bank'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 Bank's functional and presentation currency.

  - **Transactions and balances**

The Bank 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.
- Other operating income (expenses) for other items.

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.

- **Financial assets**

The bank 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.

○ **Financial assets at fair value through profit or loss**

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 bank intends to sell immediately or in the short term, which are classified as held for trading, and those that the bank upon initial recognition designates as at fair value through profit or loss;
- Those that the bank upon initial recognition designates as available for sale; or
- Those for which the bank 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 Bank’s management has the positive intention and ability to hold to maturity. If the bank 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 year 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 Bank 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 Bank 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 Bank 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 Bank could not assess the fair value of the equity instruments classified as available for sale, these instruments measured at at cost less impairment .

- The bank 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 bank 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 bank 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 bank reclassified a financial asset as mentioned before and the bank 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**

  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 bank 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 bank 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 recognized 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 bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that 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.

- **Fee 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 bank 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 rateably over the year 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 bank'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 Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired 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 Bank 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 bank, for economic or legal reasons relating to the borrower's financial difficulties, granting to the borrower a concession that the bank 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 Bank for each identified portfolio.

The estimated period between a losses 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 Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant and the following is considered:

- If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment 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 bank may measure impairment on the basis of an instrument's fair value using an observable market price. The calculation of the present value of the estimated future cash flows of a 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 bank to reduce any differences between loss estimates and actual loss experience.

The bank 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.

- **Available for sale financial assets**

The Bank 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 bank'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 bank'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 bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their 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 Bank as a lessee**

For finance lease contracts, lease expenses including leased asset maintenance when incurred. If the Bank 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 year of the lease.

○ **The Bank 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 year 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 Bank 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 Bank pays contributions to Social Insurance Authority and the Bank 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 Bank 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 bank's general assembly, no obligation is recognized for the employees share in unappropriated profits.

- **Income tax**

The income tax on the Bank's period 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 recognized and 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 year in which they are approved by the Bank'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 Bank 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.

- **Fiduciary activities**

  The Bank 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 Bank.

- **Comparatives**

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

3. Financial Risk management

The bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The bank's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the bank'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 bank's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up to date information system. The bank regularly reviews its risk management policies and systems to reflect changes in markets, products, and emerging best practice.

Risk management is carried out by 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. Credit risk

The bank is exposed to credit risk, which is the risk of suffering financial loss, should any of the bank's customers, clients or market counterparties fail to fulfill their contractual obligations to the bank. Credit risk is the most important risk for the bank'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 bank'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 bank 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 bank derive the exposure at default.
- ✓ Loss given default

Daily management bank 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 bank 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 bank 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 bank regularly validate the performance of the rating and their predictive power with regard to default cases.

CBE Description	CBE Rating	Internal Rating	Provision Percentage
Good loans	1	A+	0%
Good loans	2	A	1%
Good loans	2	B+	1%
Good loans	2	B	1%
Good loans	2	B-	1%
Good loans	3	C+	1%
Good loans	3	C	1%
Good loans	3	C-	1%
Good loans	4	D+	2%
Good loans	5	D	2%
Good loans	5	D-	2%
Standard monitoring	6	E+	3%
Standard monitoring	6	E	5%
Special monitoring	7	PE-	20%
non-performing	8	NPE-	DCF
non-performing	9	F	DCF
non-performing	10	Z	DCF

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

Exposure at default is based on the amounts the bank expects to be outstanding at the time of default. For example, for a loan this is the face value. For a commitment, the bank 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 bank'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 bank 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 bank manages, limits and controls concentrations of credit risk wherever they are identified − in particular, to individual counterparties, groups and to industries and countries.

The bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by 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 bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties.
- 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 bank 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 bank maintains strict control limits on net open derivative positions (i.e., 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 bank requires margin deposits from counterparties

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the bank market's transactions on any single day.

- **Master netting arrangements**

The bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of 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 banks 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 bank on behalf of a customer authorizing a third party to draw drafts on the bank up to a stipulated amount under specific terms and conditions – are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

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 recognised for financial reporting purposes only for losses that have been incurred at the balance sheet date 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 period 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 banks on balance sheet items, relating to loans and advances and the associated impairment allowance for each of the bank internal rating categories:

	30 September 2017		31 December 2016	
Bank's Rating	Loans and facilities %	Loan loss provision %	Loans and facilities %	Loan loss provision %
1- Good loans	46.2%	2%	38.6%	2%
2- Standard monitoring	36.6%	3%	38.9%	3%
3- Special monitoring	12.7%	12%	18.4%	16%
4- Nonperforming loans	4.6%	75%	4.1%	62%
	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 bank:

- 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 bank in ordinary conditions;
- Deterioration in the value of collateral; and
- Downgrading below good loans grade.

The bank 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 bank 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 (34/A) shows the movement in the Bank Risk Reserve during the financial period.

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 2017	31 December 2016
Credit risk exposures relating to on-balance sheet items :		
Cash and balances with central bank	1,616,681	1,306,837
Due from Banks	13,960,538	11,113,498
Treasury Bills	8,838,107	10,420,278
Debt instruments held for trading	50,098	282,233
Loans to banks	313,130	433,761
Loans to customers		
Loans to Individuals:		
- Overdrafts	72,198	103,217
- Credit cards	892,846	856,465
- Personal Loans	5,104,654	4,432,656
- Real Estate Loans	1,422	789
Loans To corporate entities:		
- Overdrafts	8,539,882	7,229,066
- Direct Loans	792,178	1,120,406
- Syndicated loans	2,004,438	2,373,627
- Other Loans	848,323	2,652,639
Derivative financial instruments	18,344	205,722
Investment securities		
- Available for sale debit	2,747,783	2,294,834
Other Assets	342,392	245,503
Total	**46,143,014**	**45,071,531**

	30 September 2017	31 December 2016
Credit risk exposures relating to off-balance sheet items:		
Customer Liabilities Under Acceptance	324,872	285,275
Commitments (Loans and liabilities – irrevocable)	2,031,894	1,655,533
Letter of credit	1,376,164	820,112
Letters of guarantee	6,324,292	7,299,129
Total	**10,057,222**	**10,060,049**

The above table represents a worse-case scenario of credit risk exposure to the bank at 30 September 2017 and 31 December 2016, 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, 40% of the total maximum exposure is derived from loans and facilities to customers versus 42% in the end of comparative year, where investments in debt securities represent 25% versus 29% in the end of comparative year.

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

- 83 % of the loans and advances portfolio is categorised in the top two grades of the internal rating system (2016: 78%);
- 95 % of the loans and advances portfolio are considered to be neither past due nor impaired (2016: 96%);
- Loans and advances individually assessed amount 845,483 thousands Egyptian pounds. (2016: 779,979 thousands 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 2017	31 December 2016
Neither past due nor impaired	15,741,815	14,780,907
Past due but not impaired	1,668,643	3,207,979
Subject to impairment	845,483	779,979
Total	**18,255,941**	**18,768,865**
Less: Interest in suspense	(40,334)	(33,407)
Less: allowance for Impairment	(1,491,490)	(1,385,190)
Total	**16,724,117**	**17,350,268**

Total impairment loss for loans and advances has amounted to (67,587) thousands of which (80,760) thousand represents impairment on to non-performing loans, and the remaining 13,173 thousand represents impairment based on group basis of the credit portfolio. Note 21 provides additional information on the provision of impairment loss on loans and advances to banks and customers.

The bank portfolio of loans and advances has decreased by 3.3% within the financial period. The bank 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 bank.
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 2017

Grades	Retail				Corporate entities				
	Overdrafts	Credit cards	Real Estate loans	Personal loans	Overdrafts	Syndicated loans	Direct loans	other loans	Total
1.Good	71,609	-	-	-	6,685,593	992,096	363,459	153,297	8,266,054
2.Standard monitoring	-	602,216	1,422	4,507,246	455,432	461,655	66,907	-	6,094,878
3.Special monitoring	-	-	-	-	633,807	534,273	202,652	10,151	1,380,883
Total	**71,609**	**602,216**	**1,422**	**4,507,246**	**7,774,832**	**1,988,024**	**633,018**	**163,448**	**15,741,815**

31 December 2016

Grades	Retail				Corporate entities				
	Overdrafts	Credit cards	Real Estate loans	Personal loans	Overdrafts	Syndicated loans	Direct loans	other loans	Total
1.Good	102,490	-	-	-	4,841,684	1,058,662	549,833	556,045	7,108,714
2.Standard monitoring	-	596,744	789	3,982,649	741,723	682,023	3,180	123,604	6,130,712
3.Special monitoring	-	-	-	-	479,012	616,593	358,778	87,098	1,541,481
Total	**102,490**	**596,744**	**789**	**3,982,649**	**6,062,419**	**2,357,278**	**911,791**	**766,747**	**14,780,907**

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 bank 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 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	216,441	406,612	-	623,270
Past due 30-60 days	-	49,509	131,818	-	181,327
Past due 60-90 days	372	13,590	31,984	-	45,946
Total	**589**	**279,540**	**570,414**	**-**	**850,543**

Corporate entities	Overdrafts	Direct loans	Syndicated loans	Other loans	Total
Past due up to 30 days	67,853	157	-	4,572	72,582
Past due 30-60 days	10,202	-	-	39,391	49,593
Past due over 60 days	34,184	20,829	-	640,912	695,925
Total	**112,239**	**20,986**	**-**	**684,875**	**818,100**

31 December 2016

Retail	Overdrafts	Credit cards	Personal Loans	Real estate loans	Total
Past due up to 30 days	219	195,120	316,986	-	512,325
Past due 30-60 days	150	43,674	87,224	-	131,048
Past due 60-90 days	358	15,954	33,640	-	49,952
Total	**727**	**254,748**	**437,850**	**-**	**693,325**

Corporate entities	Overdrafts	Direct loans	Syndicated loans	Other loans	Total
Past due up to 30 days	268,122	-	-	474,660	742,782
Past due 30-60 days	136,128	-	-	360,613	496,741
Past due over 60 days	173,714	50,798	-	1,050,619	1,275,131
Total	**577,964**	**50,798**	**-**	**1,885,892**	**2,514,654**

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 845,483 thousand 779,979 thousand for 2016.

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 2017		**Retail**			**Corporate**			
	Overdraft	**Credit cards**	**Personal Loans**	**Overdrafts**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
Individually impaired loans	-	11,090	26,994	652,811	138,174	16,414	-	**845,483**
Fair value of collateral	-	368	1,664	-	-	-	-	**2,032**

31 December 2016		**Retail**			**Corporate**			
	Overdraft	**Credit cards**	**Personal Loans**	**Overdrafts**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
Individually impaired loans	-	4,973	12,157	588,683	157,817	16,349	-	**779,979**
Fair value of collateral	-	24	-	-	-	-	-	**24**

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 2017	**31 December 2016**
Corporate entities		
Overdrafts	123,656	195,856
Direct Loans	22,621	32,357
	146,277	**228,213**
Individuals		
Personal Loans	27,758	41,501
	27,758	**41,501**
Total	**174,035**	**269,714**

A.7 Debt securities and treasury bills

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

(All amounts are in thousand Egyptian pounds)

30 September 2017	Treasury Bills	Trading securities	Securities available for sale	Total
AA- to AA+	-	-	28,534	**28,534**
B3	8,838,107	50,098	2,719,249	**11,607,454**
Total	**8,838,107**	**50,098**	**2,747,783**	**11,635,988**

A.8 Repossessed collateral

During 2017, the bank obtain assets by taking possession of collateral held as security as follows:

30 September 2017 **Assets Nature**	(All amounts are in thousand Egyptian pounds) **Book Value**
Apartments	61,050
Total	**61,050**

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

❖ ***Geographical sectors***

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

(All amounts are in thousand Egyptian pounds)

30 September 2017	***Cairo***	***Alex., Delta & Sinai***	***Upper Egypt***	**Arab Republic of Egypt**	**Other countries**	**Total**
Balances with CBE	*1,616,681*	-	-	**1,616,681**	-	**1,616,681**
Due from banks	*7,830,517*	-	-	**7,830,517**	*6,130,021*	**13,960,538**
Treasury bills	*8,838,107*	-	-	**8,838,107**	-	**8,838,107**
HFT Debt instruments	*50,098*	-	-	**50,098**	-	**50,098**
Loans to banks	-	-	-	**-**	*313,130*	**313,130**
Loans to customers :						
- Overdrafts	*7,696,566*	*899,098*	*16,416*	**8,612,080**	-	**8,612,080**
- Credit cards	*892,846*	-	-	**892,846**	-	**892,846**
- Personal Loans	*3,126,722*	*1,317,529*	*660,403*	**5,104,654**	-	**5,104,654**
- Real Estate Loans	*1,422*	-	-	**1,422**	-	**1,422**
- Term Loans	*2,660,166*	*136,450*	-	**2,796,616**	-	**2,796,616**
- Other Loans	*749,577*	*98,746*	-	**848,323**	-	**848,323**
Derivatives	18,344	-	-	**18,344**	-	**18,344**
AFS Debt instruments	*2,719,249*	-	-	**2,719,249**	28,534	**2,747,783**
Other financial assets	*307,709*	*24,400*	*10,283*	**342,392**	-	**342,392**
As at 30 September 2017	***36,508,004***	***2,476,223***	***687,102***	***39,671,329***	***6,471,685***	***46,143,014***
As at 31 December 2016	***36,842,291***	***2,864,481***	***634,754***	***40,341,526***	***4,730,005***	***45,071,531***

Industry sectors

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

(All amounts are in thousand Egyptian pounds)

30 September 2017	**Financial institutions**	**Manufacturing**	**Commercial**	**Governmental**	**Other industries**	**Individuals**	**Total**
Balances with CBE	-	-	-	1,616,681	-	-	**1,616,681**
Due from banks	6,697,599	-	-	7,262,939	-	-	**13,960,538**
Treasury bills	-	-	-	8,838,107	-	-	**8,838,107**
HFT Debt instruments	-	-	-	50,098	-	-	**50,098**
Loans to banks	313,130	-	-	-	-	-	**313,130**
Loans to customers:							
Individuals:							
- Overdrafts	-	-	-	-	-	72,198	**72,198**
- Credit cards	-	-	-	-	-	892,846	**892,846**
- Personal Loans	-	-	-	-	-	5,104,654	**5,104,654**
- Real Estate Loans	-	-	-	-	-	1,422	**1,422**
Corporate entities:							
- Overdrafts	11,165	5,012,174	1,551,815	384,180	1,580,548	-	**8,539,882**
- Direct Loans	218,639	203,003	128,628	-	241,908	-	**792,178**
- Syndicated Loans	-	225,609	-	694,379	1,084,450	-	**2,004,438**
- Other loans	-	593,184	44,529	121,844	88,766	-	**848,323**
Financial derivatives	2,322	11,825	-	-	4,197	-	**18,344**
AFS debt instruments	28,534	-	-	2,719,249	-	-	**2,747,783**
Other financial assets	54,359	45,197	12,895	162,129	22,426	45,386	**342,392**
30 September 2017	***7,325,748***	***6,090,992***	***1,737,867***	***21,849,606***	**3,022,295**	**6,116,506**	**46,143,014**
31 December 2016	***8,981,976***	***6,313,108***	***2,211,719***	***17,970,424***	**4,171,644**	**5,422,660**	**45,071,531**

B. Market risk

The bank 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 bank 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 bank 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 bank 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 bank's held-to-maturity and available-for-sale investments.

B.1 Market risk measurement techniques

As part of the management of market risk, The bank 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 bank applies a 'value at risk' (VAR) methodology to its trading and non-trading portfolios and at a bank 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 bank, for trading and non-trading purposes separately and they are monitored in daily basis with the bank 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 bank 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 bank's assessment of past movements is based on data for last year. The bank 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 Bank'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 bank 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 bank 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 month till 30 September2017			12 month till 31 December 2016		
	Average	**High**	**Low**	**Average**	**High**	**Low**
Foreign exchange risk	(13,242)	(26,660)	(145)	(13,825)	(23,421)	(2,053)
Interest rate risk	(3,132)	(13,182)	(1,326)	(2,243)	(5,571)	(1,392)
VAR	**(13,196)**	**(26,986)**	**(2,143)**	**(14,690)**	**(23,753)**	**(3,380)**

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 represents the exposed value of the bank risk due to the correlation between the risk types, portfolio types and whatever the effect following it. .

B.3 Foreign exchange risk

The bank 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 bank's exposure to foreign currency exchange rate risk at.

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

Foreign currency risk concentration on financial instruments

(All amounts are in thousand Egyptian pounds)

30 September 2017	EGP	USD	EUR	GBP	CHF	Other	Total in EGP
Assets							
Cash and balances with central banks	2,662,945	408,681	158,520	23,085	6,376	28,707	**3,288,314**
Due from banks	3,172,593	6,143,369	4,155,123	322,343	56,854	110,256	**13,960,538**
Treasury bills	5,797,934	3,040,173	-	-	-	-	**8,838,107**
Debt instruments held for trading	50,098	-	-	-	-	-	**50,098**
Loans to banks	-	300,104	13,024	-	-	2	**313,130**
Loans to customers	12,766,271	3,589,999	194,384	5,542	462	167,459	**16,724,117**
Financial derivatives	9,953	8,391	-	-	-	-	**18,344**
AFS Investment securities	2,713,767	21,765	28,534	-	-	-	**2,764,066**
Other financial assets	317,116	24,989	235	52	-	-	**342,392**
Total financial assets	**27,490,677**	**13,537,471**	**4,549,820**	**351,022**	**63,692**	**306,424**	**46,299,106**
Financial liabilities							
Due to banks	3,398	132,033	-	-	-	-	**135,431**
Treasury bills Sold with repurchase agreements	1,200	-	-	-	-	-	**1,200**
Customers' deposits	21,276,271	12,625,713	4,730,817	324,235	60,322	243,047	**39,260,405**
Derivative financial instruments	12,180	8,391	-	-	-	2,461	**23,032**
Other Loans	-	529,458	-	-	-	-	**529,458**
Other financial liabilities	222,819	21,714	989	99	-	-	**245,621**
Total financial liabilities	**21,515,868**	**13,317,309**	**4,731,806**	**324,334**	**60,322**	**245,508**	**40,195,147**
Net on balance sheet financial position	**5,974,809**	**220,162**	**(181,986)**	**26,688**	**3,370**	**60,916**	**6,103,959**
Credit commitments	**3,277,688**	**3,142,956**	**3,135,674**	**5,023**	**2,107**	**493,774**	**10,057,222**

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 bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but 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 bank treasury department.

The tables below summaries the bank’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

As at 30 September 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	-	-	-	-	-	2,662,945	2,662,945
Due from banks	1,325,000	1,810,000	-	-	-	37,593	3,172,593
Treasury bills	2,232,931	746,819	2,818,184	-	-	-	5,797,934
Debt instruments held for trading	50,098	-	-	-	-	-	50,098
Loans to customers	8,064,664	284,008	1,146,770	3,163,610	107,219	-	12,766,271
Available for sale	-	84,196	849,193	1,770,705	-	9,673	2,713,767
Held to maturity	-	-	-	-	-	76,634	76,634
Other assets	-	-	-	-	-	317,116	317,116
Total assets	**11,672,693**	**2,925,023**	**4,814,147**	**4,934,315**	**107,219**	**3,103,961**	**27,557,358**
liabilities							
Due to banks	-	-	-	-	-	3,398	3,398
Treasury bills Sold with repurchase agreements	-	-	1,200	-	-	-	1,200
Customers deposits	5,265,950	2,126,988	889,902	6,034,728	16,077	6,942,626	21,276,271
Other Liabilities	-	-	-	-	-	222,819	222,819
Total liabilities	**5,265,950**	**2,126,988**	**891,102**	**6,034,728**	**16,077**	**7,168,843**	**21,503,688**
Interest gap	**6,406,743**	**798,035**	**3,923,045**	**(1,100,413)**	**91,142**	**(4,064,882)**	**6,053,670**

As at 31 December 2016	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	-	-	-	-	-	1,828,130	1,828,130
Due from banks	3,942,000	850,000	-	-	-	18,138	4,810,138
Treasury bills	3,280,720	1,269,126	2,693,045	-	-	-	7,242,891
Debt instruments held for trading	286,131	-	-	-	-	-	286,131
Loans to customers	6,679,391	279,356	1,086,165	2,383,052	82,505	-	10,510,469
Available for sale	3,458	172,557	339,148	1,752,888	-	9,681	2,277,732
Held to maturity	-	-	-	-	-	76,634	76,634
Other assets	-	-	-	-	-	211,562	211,562
Total assets	**14,191,700**	**2,571,039**	**4,118,358**	**4,135,940**	**82,505**	**2,144,145**	**27,243,687**
liabilities							
Due to banks	-	-	-	-	-	493,578	493,578
Customers deposits	6,805,385	1,548,735	1,527,469	4,704,219	19,450	7,505,405	22,110,663
Other Liabilities	-	-	-	-	-	170,198	170,198
Total liabilities	**6,805,385**	**1,548,735**	**1,527,469**	**4,704,219**	**19,450**	**8,169,181**	**22,774,439**
Interest gap	**7,386,315**	**1,022,304**	**2,590,889**	**(568,279)**	**63,055**	**(6,025,036)**	**4,469,248**

USD in thousands

As at 30 September 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	-	-	-	-	-	22,590	22,590
Due from banks	62,000	170,111	106,000	-	-	9,983	348,094
Treasury bills	-	-	172,261	-	-	-	172,261
Loans to banks	3,076	13,217	711	-	-	-	17,004
Loans to customers	129,104	58,727	15,585	-	-	-	203,416
Available for sale	-	-	-	859	-	374	1,233
Other assets	-	-	-	-	-	1,416	1,416
Total assets	**194,180**	**242,055**	**294,557**	**859**	**-**	**34,363**	**766,014**
Liabilities							
Due to banks	-	-	-	-	-	7,481	7,481
Customers deposits	401,933	59,982	18,838	18,605	-	216,036	715,395
Other Loans	20,000	10,000	-	-	-	-	30,000
Other Liabilities	-	-	-	-	-	1,230	1,230
Total liabilities	**421,933**	**69,982**	**18,838**	**18,605**	**-**	**224,747**	**754,106**
Interest gap	**(227,753)**	**172,073**	**275,719**	**(17,746)**	**-**	**(190,384)**	**11,908**

As at 31 December 2016	**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	-	-	-	-	-	37,879	37,879
Due from banks	134,000	122,995	-	-	-	9,752	266,747
Treasury Bills		173,946		-	-	-	173,946
Loans to banks	7,129	7,454	3,486	-	-		18,069
Loans to customers	237,396	68,547	10,602	-	-		316,545
Available for sale	-	-	-	-	-	375	375
Other assets	-	-	-	-	-	1,783	1,783
Total assets	**378,525**	**372,942**	**14,088**	**-**	**-**	**49,789**	**815,344**
Liabilities							
Due to banks	-	-	-	-	-	1,088	1,088
Customers deposits	265,690	213,139	86,449	15,649	-	188,113	769,040
Other Liabilities	-	-	-	-	-	635	635
Total liabilities	**265,690**	**213,139**	**86,449**	**15,649**	**-**	**189,836**	**770,763**
Interest gap	**112,835**	**159,803**	**(72,361)**	**(15,649)**	**-**	**(140,047)**	**44,581**

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EUR in thousands

As at 30 September 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	-	-	-	-	-	7,631	7,631
Due from banks	125,500	35,000	-	-	-	39,531	200,031
Loans to customers	6,582	298	2,478	-	-	-	9,358
Available for sale	-	-	-	1,374	-	-	1,374
Other assets	-	-	-	-	-	11	11
Total assets	**132,082**	**35,298**	**2,478**	**1,374**	**-**	**47,173**	**218,405**
Liabilities							
Due to banks	-	-	-	-	-	-	-
Customers deposits	162,465	10,287	4,519	-	-	50,475	227,746
Other Liabilities	-	-	-	-	-	48	48
Total liabilities	**162,465**	**10,287**	**4,519**	**-**	**-**	**50,523**	**227,794**
Interest gap	**(30,383)**	**25,011**	**(2,041)**	**1,374**	**-**	**(3,350)**	**(9,389)**

As at 31 December 2016	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	-	-	-	-	-	7,669	7,669
Due from banks	-	20,000	-	-	-	34,391	54,391
Loans to customers	39,495	1,993	662	-	-	-	42,150
Available for sale	-	-	-	1,403	-	-	1,403
Other assets	-	-	-	-	-	49	49
Total assets	**39,495**	**21,993**	**662**	**1,403**	**-**	**42,109**	**105,662**
Liabilities							
Due to banks	-	-	-	-	-	156	156
Customers deposits	52,534	12,843	6,982	1,469	-	48,726	122,554
Other Liabilities	-	-	-	-	-	14	14
Total liabilities	**52,534**	**12,843**	**6,982**	**1,469**	**-**	**48,896**	**122,724**
Interest gap	**(13,039)**	**9,150**	**(6,320)**	**(66)**	**-**	**(6,787)**	**(17,062)**

C. Liquidity risk

Liquidity risk is the risk that the bank 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 bank liquidity management process, as carried out within the bank 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 bank 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 bank'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 bank'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 bank 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 bank manages the liquidity risk based on the undiscounted expected cash flows and not the contractual cash flows.

EGP in thousands

As at 30 September 2017	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities						
Due to banks	*3,398*	-	-	-	-	3,398
Treasury bills Sold with repurchase agreements	-	-	*1,200*	-	-	1,200
Customers deposits	*6,225,504*	*2,703,454*	*3,484,001*	*8,847,235*	*16,077*	21,276,271
Total liabilities (contractual maturity dates)	**6,228,902**	**2,703,454**	**3,485,201**	**8,847,235**	**16,077**	**21,280,869**
Assets held for managing liquidity risk (contractual maturity dates)	**7,939,016**	**4,751,685**	**6,638,282**	**7,761,246**	**150,013**	**27,240,242**

As at 31 December 2016	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities						
Due to banks	493,578	-	-	-	-	493,578
Customers deposits	10,338,363	1,894,163	3,081,897	6,776,790	19,450	22,110,663
Total liabilities (contractual maturity dates)	**10,831,941**	**1,894,163**	**3,081,897**	**6,776,790**	**19,450**	**22,604,241**
Assets held for managing liquidity risk (contractual maturity dates)	**10,009,695**	**3,515,474**	**6,004,126**	**6,977,858**	**524,972**	**27,032,125**

USD in thousands

As at 30 September 2017	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities						
Due to banks	*7,481*	-	-	-	-	7,481
Customers deposits	*385,948*	*75,361*	*86,291*	*130,153*	*37,642*	715,395
Other loans	-	-	-	*30,000*	-	30,000
Total liabilities (contractual maturity dates)	**393,429**	**75,361**	**86,291**	**160,153**	**37,642**	**752,876**
Assets held for managing liquidity risk (contractual maturity dates)	**136,968**	**214,311**	**328,374**	**84,945**	**-**	**764,598**

As at 31 December 2016	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities						
Due to banks	1,088	-	-	-	-	1,088
Customers deposits	244,106	231,374	168,504	125,056	-	769,040
Total liabilities (contractual maturity dates)	**245,194**	**231,374**	**168,504**	**125,056**	**-**	**770,128**
Assets held for managing liquidity risk (contractual maturity dates)	**304,003**	**511,724**	**26,523**	**126,973**	**18,838**	**988,061**

EUR in thousands

As at 30 September 2017	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities						
Due to banks	-	-	-	-	-	-
Customers deposits	151,182	14,227	21,917	31,416	9,004	227,746
Total liabilities (contractual maturity dates)	**151,182**	**14,227**	**21,917**	**31,416**	**9,004**	**227,746**
Assets held for managing liquidity risk (contractual maturity dates)	**175,653**	**36,657**	**2,776**	**3,038**	**270**	**218,394**

As at 31 December 2016	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities						
Due to banks	156	-	-	-	-	156
Customers deposits	45,946	17,653	28,626	30,329	-	122,554
Total liabilities (contractual maturity dates)	**46,102**	**17,653**	**28,626**	**30,329**	**-**	**122,710**
Assets held for managing liquidity risk (contractual maturity dates)	**72,732**	**24,657**	**5,061**	**3,164**	**-**	**105,614**

The bank has divided the financial assets and liabilities as per the contractual maturity to the periods mentioned above through the main automated system of bank, 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 bank. In addition, there are some pledged debt instruments, treasury bills and government securities to guarantee the liabilities. The Bank 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 Bank'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 bank'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.

(All amounts are in thousand Egyptian pounds)

30 September 2017	**Up to 1month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Interest rate derivatives	-	-	236	-	-	236
Total	**-**	**-**	**236**	**-**	**-**	**236**

31 December 2016	**Up to 1month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Interest rate derivatives	-	-	(920)	-	-	(920)
Total	**-**	**-**	**(920)**	-	**-**	**(920)**

b) Derivatives settled on a gross basis

The bank'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 bank'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 2017	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives						
− Outflow	1,259,670	50,806	254,665	-	-	1,565,141
− Inflow	1,258,821	49,212	223,992	-	-	1,532,025
Total outflow	**1,259,670**	**50,806**	**254,665**	**-**	**-**	**1,565,141**
Total inflow	**1,258,821**	**49,212**	**223,992**	**-**	**-**	**1,532,025**

31 December 2016	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Derivatives held for trading						
Foreign exchange derivatives						
− Outflow	560,791	99,417	4,043,855	2,008	-	4,706,071
− Inflow	561,016	99,087	4,048,358	2,008	-	4,710,469
Total outflow	**560,791**	**99,417**	**4,043,855**	**2,008**	**-**	**4,706,071**
Total inflow	**561,016**	**99,087**	**4,048,358**	**2,008**	**-**	**4,710,469**

Off-balance sheet items

(All amounts are in thousand Egyptian pounds)

30 September 2017	1 year	1-5 years	Over 5 years	Total
Loan commitments	2,031,894	-	-	**2,031,894**
Acceptances, LC's and LG's	7,303,267	700,840	21,221	**8,025,328**
Capital commitments	13,047	-	-	**13,047**
Total	**9,348,208**	**700,840**	**21,221**	**10,070,269**

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 114,202 thousands (2016: (120,804) 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 noncurrent 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 noncurrent balances. The book value of the current balances is considered the fair value, while the noncurrent balances cannot be determined as a fair value

E. Capital management

The bank'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 bank'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 Ratio:

Capital adequacy and the use of regulatory capital are monitored daily by the bank'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 bank to:

1) Retain the amount of 500 million EGP as minimum for the issued share capital and paid-up
2) The bank 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 assets 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 2017 LE,000	31 December 2016 LE,000
Going Concern Capital	4,123,527	2,530,903
Gone Concern Capital	872,285	296,690
Total Capital	**4,995,812**	**2,827,593**
Credit Risk	22,279,699	20,840,408
Market Risk	71,678	154,366
Operation Risk	3,448,446	3,448,481
Top 50 Effect	131,076	-
Total Risks	**25,930,899**	**24,443,255**
Capital Adequacy Ratio %	**%19.27**	**%11.57**

Leverage Ratio:

	30 September 2017 LE,000	31 December 2016 LE,000
Going Concern Capital	**4,123,527**	**2,530,903**
On Balance Sheet Risk	47,165,478	45,880,138
Derivatives Risk	23,203	224,970
Off Balance Sheet Risk	4,843,184	5,088,996
Total Risks	**52,031,865**	**51,194,104**
Leverage Ratio %	**%7.93**	**%4.94**

4. Critical accounting estimates and judgments

The bank 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 bank 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 bank 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 bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows.

B. Impairment of available-for-sale equity investments

The bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the bank evaluates among other factors, the 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 bank 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 bank 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 bank evaluates its intention and ability to hold such investments to maturity. If the bank 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 bank 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.

Income taxes

The bank 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 bank 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 bank's operating cycle, and include operating assets and liabilities as presented in the bank's statement of financial position.

a. Segment reporting analysis

(All amounts are in thousand Egyptian pounds)

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	980,959	478,645	2,795,217
Expenses of the sector	(253,476)	(140,091)	(29,685)	(405,724)	(747)	(829,723)
Result of the sector operations	**624,980**	**202,590**	**84,791**	**575,235**	**477,898**	**1,965,494**
Profit before tax	624,980	202,590	84,791	575,235	477,898	1,965,494
Taxes	(145,086)	(50,431)	(19,434)	(134,087)	(112,899)	(461,937)
Net profit	**479,894**	**152,159**	**65,357**	**441,148**	**364,999**	**1,503,557**
Assets and Liabilities according to the sector activity						
Assets of the sector activity	9,777,209	1,395,378	1,862,250	5,904,995	28,370,247	47,310,079
Total assets	**9,777,209**	**1,395,378**	**1,862,250**	**5,904,995**	**28,370,247**	**47,310,079**
Liabilities of the sector activity	13,126,760	5,734,036	57,935	20,610,300	2,823,585	42,352,616
Total Liabilities	**13,126,760**	**5,734,036**	**57,935**	**20,610,300**	**2,823,585**	**42,352,616**

30 September 2016	Corporate banking	SMEs	Investment banking	Retail	Assets and liabilities management	Total
Revenues and expenses according to the sector activity						
Revenues of the sector activity	706,855	192,297	49,414	667,571	364,587	1,980,724
Expenses of the sector	(245,545)	(87,997)	(24,449)	(360,631)	-	(718,622)
Result of the sector operations	**461,310**	**104,300**	**24,965**	**306,940**	**364,587**	**1,262,102**
Profit before tax	461,310	104,300	24,965	306,940	364,587	1,262,102
Taxes	(103,987)	(24,031)	(5,750)	(70,174)	(82,457)	(286,399)
Net profit	**357,323**	**80,269**	**19,215**	**236,766**	**282,130**	**975,703**
Assets and Liabilities according to the sector activity						
Assets of the sector activity	8,237,056	933,787	11,158,050	5,124,197	10,991,154	36,444,244
Total assets	**8,237,056**	**933,787**	**11,158,050**	**5,124,197**	**10,991,154**	**36,444,244**
Liabilities of the sector activity	12,081,368	3,418,796	1,091,295	14,963,054	1,197,037	32,751,550
Total Liabilities	**12,081,368**	**3,418,796**	**1,091,295**	**14,963,054**	**1,197,037**	**32,751,550**

b. Geographical sector analysis

(All amounts are in thousand Egyptian pounds)

30 September 2017	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenues & Expenses according to the geographical sectors				
Revenues of the Geographical sectors	3,967,710	308,851	104,980	4,381,541
Expenses of the Geographical sectors	(2,085,912)	(253,432)	(76,703)	(2,416,047)
Result of sector operations	**1,881,798**	**55,419**	**28,277**	**1,965,494**
Profit before tax	1,881,798	55,419	28,277	1,965,494
Tax	(443,106)	(12,469)	(6,362)	(461,937)
Profit of the period	**1,438,692**	**42,950**	**21,915**	**1,503,557**

30 September 2016	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenues & Expenses according to the geographical sectors				
Revenues of the Geographical sectors	2,258,012	542,346	159,924	2,960,282
Expenses of the Geographical sectors	(1,637,972)	(48,531)	(11,677)	(1,698,180)
Result of sector operations	**620,040**	**493,815**	**148,247**	**1,262,102**
Profit before tax	620,040	493,815	148,247	1,262,102
Tax	(141,935)	(111,108)	(33,356)	(286,399)
Profit of the period	**478,105**	**382,707**	**114,891**	**975,703**

6. **Net interest income**	**30 September 2017 LE,000**	**30 September 2016 LE,000**
Interest on loans and similar income		
To customers	1,851,808	1,224,658
	1,851,808	1,224,658
Treasury bills	959,302	595,724
To banks	401,127	226,115
Investments in HTM and AFS debt instruments	272,818	274,137
	1,633,247	1,095,976
	3,485,055	**2,320,634**
Interest expenses and similar charges		
Deposits and current accounts:		
- To banks	(41,690)	(20,166)
- To customers	(1,382,489)	(844,739)
- Other Loans	(8,657)	-
- Others	(35)	-
	(1,432,871)	**(864,905)**
Net interest income	**2,052,184**	**1,455,729**

7. **Net fee and commission income**	**30 September 2017 LE,000**	**30 September 2016 LE,000**
Fee and Commission income :		
Credit related fees and commissions	549,658	377,278
Trust and other fiduciary fees	9,583	7,927
Other fees	99,487	69,395
Total	**658,728**	**454,600**
Fee and Commission expense :		
Other fees and commissions paid	(153,453)	(114,653)
	(153,453)	**(114,653)**
Net fee and Commission	**505,275**	**339,947**

8. **Dividend Income**	**30 September 2017 LE,000**	**30 September 2016 LE,000**
Subsidiaries	9,499	7,124
AFS Investments	2,963	2,693
HTM Investments	338	-
	12,800	**9,817**

9. Net trading income	30 September 2017 LE,000	30 September 2016 LE,000
Foreign exchange:		
Gains from foreign currencies transactions	204,720	88,637
Gain on revaluation of forward rate contracts	4,575	594
Gain (Loss) on revaluation of currency swap contracts	45	1,305
Gain on revaluation of option deals	1,523	9,664
Debt trading instruments	23,748	21,922
Equity trading instruments	5	8
	234,616	**122,130**

10. Gains from financial investments	30 September 2017 LE,000	30 September 2016 LE,000
Gain on sale of AFS	3	47
Gain on sale of Treasury Bills	35,105	11,732
Impairment on AFS	-	(6,994)
	35,108	**4,785**

11. Impairment charge for credit losses	30 September 2017 LE,000	30 September 2016 LE,000
Loans and advances to customers	(67,587)	(89,493)
	(67,587)	**(89,493)**

12. Administrative expenses	30 September 2017 LE,000	30 September 2016 LE,000
Staff costs		
Wages and salaries	(313,452)	(256,709)
Social insurance costs	(54,915)	(58,370)
	(368,367)	**(315,079)**
Other Administrative expenses	(332,950)	(257,474)
Stamp Duty on Loans	(60,819)	(56,576)
	(762,136)	**(629,129)**

13. **Other operating (expense) income**	**30 September 2017 LE,000**	**30 September 2016 LE,000**
Other provisions	(55,316)	25,905
Revaluation on foreign currencies assets & Liabilities rather than those held for trading	452	(4,019)
Profit on asset acquired revaluation	295	188
Profit on sale of fixed assets	4,230	18,284
Others	5,573	7,958
	(44,766)	**48,316**

14. **Income tax expense**	**30 September 2017 LE,000**	**30 September 2016 LE,000**
Profit before tax	**1,965,494**	**1,262,102**
Tax calculated at a tax rate	(442,236)	(283,973)
Expenses not deductible for tax purposes	(20,739)	(14,268)
Income not subject to tax	19,301	13,640
Tax exemption	47,639	46,830
Provisions effect	(65,902)	(48,628)
Income tax expense	**(461,937)**	**(286,399)**
Actual Rate	**23.5%**	**22.7%**

15. **Earnings per share**	**30 September 2017 LE,000**	**30 September 2016 LE,000**
Net profit for the period	1,503,557	975,703
Employees share in profit	(142,838)	(97,570)
Profit attributable to shareholders of the bank (1)	1,360,719	878,133
Weighted average number of ordinary shares in issue (2)	310,917	310,917
Basic earnings per share (Egyptian pound) **(1:2)**	**4.38**	**2.82**

16. **Cash and due Central Bank of Egypt**	**30 September 2017 LE,000**	**31 December 2016 LE,000**
Cash in hand	1,671,633	1,422,700
Balances with the Central Bank of Egypt -reserve ratio	1,616,681	1,306,837
	3,288,314	**2,729,537**
Non-interest bearing balances	3,288,314	2,729,537
	3,288,314	**2,729,537**

17. Due from banks

	30 September 2017 LE,000	31 December 2016 LE,000
Current accounts	1,292,498	1,077,588
Placements with other banks	12,668,040	10,035,910
	13,960,538	**11,113,498**
Central banks	6,909,163	6,766,580
Local banks	921,354	77,457
Foreign banks	6,130,021	4,269,461
	13,960,538	**11,113,498**
Non-interest bearing balances	3,158,396	1,077,588
Fixed interest bearing balances	10,802,142	10,035,910
	13,960,538	**11,113,498**

18. Treasury bills

	30 September 2017 LE,000	31 December 2016 LE,000
Treasury bills, maturity 91 days	215,675	685,300
Treasury bills, maturity 182 days	949,225	1,628,150
Treasury bills, maturity 273 days	2,151,400	5,904,054
Treasury bills, maturity 364 days	5,942,156	2,615,675
Unearned interest	(420,349)	(412,901)
	8,838,107	**10,420,278**

19. Held for trading investments

	30 September 2017 LE,000	31 December 2016 LE,000
Debt securities held for trading		
Government bonds	50,098	282,233
	50,098	**282,233**
Equity securities:		
Mutual funds certificates	-	3,898
	-	**3,898**
Total	**50,098**	**286,131**

20. Loans to banks

	30 September 2017 LE,000	31 December 2016 LE,000
Other loans	313,130	433,761
Total	**313,130**	**433,761**

21. Loans and advances to customers (net)

	30 September 2017 LE,000	31 December 2016 LE,000
Individual		
Overdrafts	72,198	103,217
Credit cards	892,846	856,465
Personal Loans	5,104,654	4,432,656
Real Estate Loans	1,422	789
Total (1)	**6,071,120**	**5,393,127**
Corporate entities		
Overdrafts	8,539,882	7,229,066
Direct Loans	792,178	1,120,406
Syndicated loans	2,004,438	2,373,627
Other Loans	848,323	2,652,639
Total (2)	**12,184,821**	**13,375,738**
Total Loans and advances (1+2)	**18,255,941**	**18,768,865**
Less :		
Suspense interest	(40,334)	(33,407)
Allowance for impairment	(1,491,490)	(1,385,190)
Net	**16,724,117**	**17,350,268**
Current Balances	10,752,193	11,131,243
Non-Current Balances	7,503,748	7,637,622
	18,255,941	**18,768,865**

Allowance for impairment
30 September 2017

Individuals	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Balance at the beginning of the period	159	34,250	119,218	10	**153,637**
Impairment charges	310	5,602	12,624	131	**18,667**
Loans written off during the period	-	(8,401)	(21,864)	-	**(30,265)**
Amount recoveries during the period	-	4,121	21,088	-	**25,209**
Balance at the period end	**469**	**35,572**	**131,066**	**141**	**167,248**

Corporate entities	Overdrafts	Direct Loans	Syndicated loans	Other Loans	Total
Balance at the beginning of the period	875,433	163,697	102,849	89,574	**1,231,553**
Impairment charges	105,223	(74,052)	4,448	13,301	**48,920**
Loans written off during the year	(2,466)	-	-	-	**(2,466)**
Amount recoveries during the period	66,540	-	-	-	**66,540**
Exchange differences	(14,433)	(2,699)	(1,696)	(1,477)	**(20,305)**
Balance at the period end	**1,030,297**	**86,946**	**105,601**	**101,398**	**1,324,242**
Total					**1,491,490**

31 December 2016

Individuals	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Balance at the beginning of the year	290	30,164	105,406	278	136,138
Impairment charges	(131)	9,276	22,822	(268)	31,699
Loans written off during the year	-	(10,776)	(36,429)	-	(47,205)
Amount recoveries during the year	-	5,586	27,419	-	33,005
Balance at the year end	**159**	**34,250**	**119,218**	**10**	**153,637**

Corporate entities	Overdrafts	Direct Loans	Syndicated loans	Other Loans	Total
Balance at the beginning of the year	336,458	196,455	113,300	43,969	690,182
Impairment charges	378,122	(129,152)	(66,044)	24,031	206,957
Loans written off during the year	(6,201)	-	-	-	(6,201)
Amount recoveries during the year	1,966	-	-	-	1,966
Transfers	(2)	-	-	-	(2)
Exchange differences	165,090	96,394	55,593	21,574	338,651
Balance at the year end	**875,433**	**163,697**	**102,849**	**89,574**	**1,231,553**
Total					**1,385,190**

22. 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 period, 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 2017 LE,000	Contractual amount	Assets	Liabilities
Derivatives			
Currency forwards	1,257,886	9,426	14,240
Currency swaps	266,521	526	400
OTC currency options	918,796	7,636	7,636
	2,443,203	**17,588**	**22,276**
Interest rate derivatives			
Interest rate swaps	2,767,048	756	756
	2,767,048	756	756
Total derivatives	**5,210,251**	**18,344**	**23,032**

31 December 2016 LE,000	Contractual amount	Assets	Liabilities
Derivatives			
Currency forwards	203,367	2,818	2,851
Currency swaps	2,531,947	197,254	190,980
OTC currency options	-	-	-
	2,735,314	**200,072**	**193,831**
Interest rate derivatives			
Interest rate swaps	313,139	5,650	6,570
	313,139	5,650	6,570
Total derivatives	**3,048,453**	**205,722**	**200,401**

23. Financial Investments

	30 September 2017 LE,000	31 December 2016 LE,000
Available for sale investments		
Listed debt securities - at fair value	2,719,249	2,268,051
Unlisted debt securities - at fair value	28,534	26,783
Unlisted Equity securities – at fair value	16,283	16,522
Total available for sale Investments	**2,764,066**	**2,311,356**
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	**2,840,700**	**2,387,990**
Current Balances	949,671	521,313
Non-current balances	1,891,029	1,866,677
	2,840,700	**2,387,990**
Debt instruments with fixed interest rates	2,740,869	2,281,009
Debt instruments with variable interest rates	6,914	13,825
	2,747,783	**2,294,834**

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

30 September 2017	**Available for sale**	**Held to maturity**	**Total**
Balance at 1 January	2,311,356	76,634	2,387,990
Additions	778,187	-	778,187
Disposals (sale / redemption)	(440,051)	-	(440,051)
Exchange difference on monetary assets	2,372	-	2,372
Changes in fair value	3,712	-	3,712
Impairment	108,490	-	108,490
Balance at 30 September 2017	**2,764,066**	**76,634**	**2,840,700**

31 December 2016	**Available for sale**	**Held to maturity**	**Total**
Balance at 1 January	2,343,302	76,634	2,419,936
Additions	1,343,570	-	1,343,570
Disposals (sale / redemption)	(1,253,036)	-	(1,253,036)
Premium / discount amortization	(8,909)	-	(8,909)
Exchange difference on monetary assets	19,311	-	19,311
Changes in fair value	(124,189)	-	(124,189)
Impairment Losses	(8,693)	-	(8,693)
Balance at 31 December 2016	**2,311,356**	**76,634**	**2,387,990**

24. Investment in subsidiaries

The bank's interest in its subsidiary is as follows:

Company	**Country**	**Assets**	**Liabilities**	**Revenues**	**Profit/(Loss)**
EHFC September 30, 2017	Egypt	263,211	155,845	40,936	4,042
EHFC December 31, 2016	Egypt	314,244	199,777	47,755	12,115

The bank's participation in subsidiary represents 99.99% and the subsidiary is unlisted in the Egyptian stock exchange.

	30 September 2017 LE,000	**31 December 2016 LE,000**
Balance at cost	143,822	143,822

25. **Intangible assets**	**30 September 2017 LE,000**	**31 December 2016 LE,000**
Balance at beginning of comparative period		
Cost	187,341	168,217
Accumulated amortization	(121,812)	(110,147)
Net book value	**65,529**	**58,070**
Balance for the current period		
Net Book value at the beginning of the period	65,529	58,070
Additions	8,164	30,693
Disposal	-	(10,307)
Transfers	3,634	.
Amortization expense	(10,310)	(12,927)
Net Book Value at the end of the current period	**67,017**	**65,529**
Balance at the end of the current period		
Cost	199,139	187,341
Accumulated amortization	(132,122)	(121,812)
Net book value	**67,017**	**65,529**

26. **Other assets**	**30 September 2017 LE,000**	**31 December 2016 LE,000**
Accrued revenues	342,392	245,503
Prepaid expenses	32,565	37,268
Advance payments for purchase of fixed assets	21,231	16,613
Assets reverted to the Bank in settlement of debts	68,293	16,573
Deposits with others and imprest fund	34,175	18,493
Other	27,170	154,661
Total	**525,826**	**489,111**

27. Fixed Assets

	Land	Buildings	Computer systems	Vehicles	Fixtures	Machinery and equipment	Furniture	Other	Total
Balance as of previous year									
Cost	108,729	381,686	170,521	13,954	195,079	33,855	31,389	53,470	988,683
Accumulated Depreciation	-	(82,879)	(138,200)	(10,161)	(142,527)	(21,055)	(10,227)	(20,559)	(425,608)
Net book value as of beginning of previous year	**108,729**	**298,807**	**32,321**	**3,793**	**52,552**	**12,800**	**21,162**	**32,911**	**563,075**
Additions	-	2,849	7,733	335	4,046	420	683	4,883	20,949
Disposals (Net)	-	(1,378)	(119)	-		(32)	-	-	(1,529)
Depreciation expense	-	(9,970)	(9,587)	(1,024)	(12,625)	(2,077)	(2,028)	(3,572)	(40,883)
Net book value as of Ending of previous year	**108,729**	**290,308**	**30,348**	**3,104**	**43,973**	**11,111**	**19,817**	**34,222**	**541,612**
Balance as of 1 January									
Cost	108,729	376,548	190,539	17,038	206,570	33,912	32,341	63,591	1,029,268
Accumulated Depreciation	-	(89,508)	(135,993)	(11,585)	(157,621)	(23,136)	(12,937)	(25,416)	(456,196)
Net Book value	**108,729**	**287,040**	**54,546**	**5,453**	**48,949**	**10,776**	**19,404**	**38,175**	**573,072**
Costs Adjustment	-	-	(919)	-	(681)	-		28	(1,572)
Additions	-	-	8,503	982	1,477	3,123	451	1,846	16,382
Disposals (Net)	-	-	(13)	-	-	(60)	(25)	(26)	(124)
Transfers	-	-	(3,634)	-	-				(3,634)
Depreciation expense	-	(9,804)	(12,214)	(1,523)	(13,185)	(1,950)	(2,065)	(4,303)	(45,044)
Depreciation Adjustment	-	-	632	-	300	-		54	986
Net book value	**108,729**	**277,236**	**46,901**	**4,912**	**36,860**	**11,889**	**17,765**	**35,774**	**540,066**
Balance as of current period									
Cost	108,729	375,370	190,804	16,252	204,189	33,910	32,147	64,604	1,026,005
Accumulated Depreciation	-	(98,134)	(143,903)	(11,340)	(167,329)	(22,021)	(14,382)	(28,830)	(485,939)
Net book value	**108,729**	**277,236**	**46,901**	**4,912**	**36,860**	**11,889**	**17,765**	**35,774**	**540,066**

28. Due to banks

	31 September 2017 LE,000	31 December 2016 LE,000
Current accounts	135,431	516,443
	135,431	**516,443**
Local banks	-	488
Foreign banks	135,431	515,955
	135,431	**516,443**
Current Balances	**135,431**	**516,443**

29. Treasury bills Sold with repurchase agreements

	30 September 2017 LE,000	31 December 2016 LE,000
Treasury bills, maturity 364 days	1,200	-
	1,200	**-**

30. Customers' deposits

	30 September 2017 LE,000	31 December 2016 LE,000
Demand deposits	11,931,520	12,070,821
Time and call deposits	11,268,133	13,175,456
Certificates of deposits	7,031,412	5,833,361
Saving accounts	4,873,601	4,966,595
Other deposits	4,155,739	3,107,126
Total	**39,260,405**	**39,153,359**
Corporate Deposits	20,603,004	22,189,659
Retail Deposits	18,657,401	16,963,700
	39,260,405	**39,153,359**
Current Balances	26,165,579	28,838,205
Non-current balances	13,094,826	10,315,154
	39,260,405	**39,153,359**
Non-interest bearing balances	16,087,259	15,177,947
Interest bearing balances	23,173,146	23,975,412
	39,260,405	**39,153,359**

31. Other Loans

	Interest Rates	30 September 2017 LE,000	31 December 2016 LE,000
Credit Agricole Paris (USD10Million)	4.44%	176,486	-
Credit Agricole Paris (USD10Million)	4.00%	176,486	-
Credit Agricole Paris (USD10Million)	4.02%	176,486	-
		529,458	**-**

32. Other Liabilities

	30 September 2017 LE,000	31 December 2016 LE,000
Accrued interest	245,621	182,173
Unearned revenue	32,143	18,050
Accrued expenses	597,659	544,328
Other credit balances	933,157	1,034,070
	1,808,580	**1,778,621**

33. Other provisions

	30 September 2017 LE,000	31 December 2016 LE,000
At 1 January	**201,037**	**165,914**
Exchange differences	(3,302)	90,615
Charged to the income statement	55,316	(42,489)
Transfer	-	2
Transfer to payable	-	(10,080)
Utilized during period	(458)	(2,925)
	252,593	**201,037**

Other provisions represent the following:

	30 September 2017 LE,000	31 December 2016 LE,000
Provision for contingent claims	41,881	42,076
Provision for contingent liabilities	210,712	158,961
Balance	**252,593**	**201,037**

34. Retirement benefit obligations	**30 September 2017 LE,000**	**31 December 2016 LE,000**
Balance sheet obligations for:		
Post-employment medical benefits	65,535	65,535
	65,535	**65,535**

- 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 10%
- 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 10%
- The assumption of death rates were made according to the British Mortality Table no. (A49/52).
- The Bank considers the present value of the obligation is not substantially different from the fair value of the net assets of the Fund, and therefore there is no obligation on the Bank arising from the obligations of specific benefits (severance pay severance) to fund insurance for employees of Credit Agricole Egypt who reached retirement age, or disability or death or resignation.

35. Share capital and reserves

a. Share capital

- 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.	19,037,052	6.12%	76,148
Almansour & Almaghraby for development and investment.	6,000,325	1.93%	24,001
Others	97,925,155	31.50%	391,701
Total	**310,917,000**	**100.00%**	**1,243,668**

36. Reserves and retained earning

A. Reserves	30 September 2017 LE,000	30 September 2016 LE,000
General risk reserve	560	280
Legal reserve	248,735	248,735
Special reserve	103,732	103,732
Capital reserve	54,798	36,509
Fair value reserve – available for sale investments	385	(69,585)
Total reserves	**408,210**	**319,671**

Movements in reserves were as follows:

a. General risk reserve		
Balance at the beginning of the period	560	280
Balance	**560**	**280**
b. Legal reserve		
Balance at the beginning of the period	248,735	228,146
Transferred from the Net profit	-	20,589
Balance	**248,735**	**248,735**

According to the bank's statutes a sum equal to **5%** of the annual net profit is appropriated to a legal reserve. This will cease when the legal reserve balance reaches **50%** of the issued capital. In compliance with the Central Bank of Egypt guidelines, the balance of the special reserve is not to be disposed off without recourse to the Central bank of Egypt.

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	36,509	14,634
Transferred from Net profit for the end of period	18,289	21,875
Balance	**54,798**	**36,509**
e. **Fair value reserve – available for sale investments**		
Balance at the beginning of the period	(108,105)	16,084
Revaluation differences in investments during the period	108,490	(85,669)
Balance	**385**	**(69,585)**

B. Retained earnings	**30 September 2017 LE,000**	**30 September 2016 LE,000**
Balance at the beginning of the period	2,520,519	1,898,711
Dividend income	(700,202)	(702,595)
Transferred to Legal reserve	-	(20,589)
Transferred to Capital Reserve	(18,289)	(21,875)
Profit of the period	1,503,557	975,703
Balance	**3,305,585**	**2,129,355**

37. Contingent liabilities and commitments

A. Loans, advances and Guarantees Commitments	**30 September 2017 LE,000**	**31 December 2016 LE,000**
Letters of guarantee	6,324,292	4,358,945
Commercial letters of credit (import and export)	1,376,164	649,625
Acceptances	324,872	226,596
Other contingent liability	2,031,894	1,860,154
Total	**10,057,222**	**7,095,320**

B. Legal Claims

There were a number of legal proceedings outstanding against the bank with provision amounted 11,150 thousand Egyptian pounds.

C. Capital Commitments

The bank had capital commitments of 13 million Egyptian pounds in respect of fixed assets purchases and branches fixtures and have not been implemented yet till the balance sheet date.

38. 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 2017 LE,000	**30 September 2016 LE,000**
Cash and balances with central banks	1,671,633	1,080,413
Due from banks	10,186,632	5,485,854
Treasury bills	209,125	724,749
	12,067,390	**7,291,016**

39. 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 386.82 at balance sheet date and the total value is 58,023,000 EGP.

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 473,961 EGP as of 30 September 2017 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 26,506,500 EGP with a redeemable price of 176.71 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 255,406 EGP as of 30 September 2017 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 43,151,160 EGP and a redeemable price of 1,106.44 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 1,181,191 EGP as of 30 September 2017 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 11,283,500 EGP with a redeemable price of 225.67 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 134,831 EGP as of 30 September 2017 that was classified as fees and commission income in the income statement.

40. 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:

A) Loans and advances to related parties

	Subsidiary	
	30 September 2017 LE,000	31 December 2016 LE,000
Loans outstanding at 1 January	156,331	122,591
Loans issued (repayment)	(28,703)	33,740
Loans outstanding	**127,628**	**156,331**
Interest income earned	17,929	16,682

B) Deposits from related parties

	Subsidiary	
	30 September 2017 LE,000	31 December 2016 LE,000
Deposits at 1 January	23,070	1,416
Deposits received (repaid)	(17,855)	21,654
Deposits	**5,215**	**23,070**
Interest expense on deposits	6	112

C) Other transactions with related parties

	Credit Agricole Group	
	30 September 2017 LE,000	31 December 2016 LE,000
Due from banks	57,193	-
Available for sale investments	28,534	27,105
Due to banks	134,448	487,738
Other Liabilities	35,297	36,533
General and Administrative expenses	18,024	9,275
Letters of Guarantee issued by the Bank	2,163,300	2,596,314
Other Loans	529,458	-

	Subsidiaries and associates	
	30 September 2017 LE,000	31 December 2016 LE,000
Investment is subsidiary	143,822	143,822
Other Operating Income (Rent)	-	538
Other Operating Income (Sale of Fixed Assets)	-	18,275
Fees and Commission revenues	9,499	7,124
Other Assets	-	592

41. 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 4,525 thousands EGP compared to 3,048 for the previous year

42. Deferred tax assets not recognized

	30 September 2017 LE,000	31 December 2016 LE,000
Other Provision	119,262	102,879
	119,262	**102,879**

No recognition of deferred tax assets related to items previously mentioned, due to the unavailability of reasonably sure to take advantage of the possibility or appropriate degree to make sure that there is sufficient future taxable profits from which to take advantage of these assets

43. Tax position

1- Corporate Tax

Credit Agricole – Egypt

Period from Start-up date to 31 Dec. 2014
Tax examination was done together with internal committees & tax challenge committees, dispute was settled and due tax was paid.

Period from 31 Dec.2014 to 31 Dec.2015
Tax examination was done. Waiting for the claim

Period from 31 Dec.2015 to 31 Dec.2016
Due tax was paid.

2- Income Tax

Credit Agricole – Egypt

Period from Start-up date to 31 Dec. 2014
Tax examination was done, due tax was paid until 2014.

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.

AMEX Branches
Tax examination was done together with internal committees and due tax was paid until June-2005.

44. Translation

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