Q3 2015

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 2015

Mansour & Co. PricewaterhouseCoopers
Public Accountants

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 2015 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 2015 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>

Ahmed Gamal Hamdalla El Atrees
Mansour & Co. PricewaterhouseCoopers
Public Accountants

Salah Eldeen Elmasary
KPMG Hazem Hassan
Public Accountants & Consultants

Cairo 12 November 2015

كريدي أجريكول مصر
CRÉDIT AGRICOLE EGYPT

Separate Balance Sheet - At 30 September 2015

(All amounts are in thousand Egyptian pounds)

	Notes	30 September 2015	31 December 2014
Assets			
Cash and due from Central Bank of Egypt	16	2,267,151	2,429,338
Due from banks	17	6,809,957	6,538,686
Treasury bills	18	6,259,241	6,250,288
Held for trading investments	19	176,596	46,399
Loans to banks	20	127,590	40,471
Loans and advances to customers	21	13,561,785	12,265,624
Derivative financial instruments	22	40,947	54,525
Financial Investments			
Available for sale investments	23	2,531,451	2,465,827
Held to maturity investments	23	76,634	76,634
Investments in Subsidiaries	24	143,822	143,822
Intangible assets	25	13,583	17,925
Other assets	26	343,739	357,013
Fixed assets	27	569,321	491,905
Total assets		**32,921,817**	**31,178,457**
Liabilities and Owners' Equity			
Liabilities			
Due to banks	28	272,710	106,461
Customers' deposits	29	27,714,221	26,613,212
Derivative financial instruments	22	45,854	57,410
Other liabilities	30	1,335,153	1,134,156
Current income tax liability		157,741	141,713
Other provisions	31	138,516	153,804
Retirement benefit obligations	32	40,123	40,123
Total liabilities		**29,704,318**	**28,246,879**
Owners' Equity			
Paid-in Capital	33	1,148,000	1,148,000
Reserves	34	389,772	343,253
Retained earnings	34	1,679,727	1,440,325
Total owners' equity		**3,217,499**	**2,931,578**
Total liabilities and owners' equity		**32,921,817**	**31,178,457**

Francois E. Drion

Chairman & Managing Director

November 12, 2015

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

CRÉDIT AGRICOLE EGYPT

Separate Statement of Income - At 30 September 2015

(All amounts are in thousand Egyptian pounds)

	Notes	1/1/2015 To 30/9/2015	1/1/2014 To 30/9/2014	1/7/2015 To 30/9/2015	1/7/2014 To 30/9/2014
Interest on loans and similar income	6	1,976,745	1,706,077	672,489	589,358
Interest expenses and similar charges	6	(818,532)	(825,014)	(270,261)	(279,939)
Net interest income		**1,158,213**	**881,063**	**402,228**	**309,419**
Fees and commission income	7	467,894	418,236	157,653	138,233
Fees and commission expense	7	(106,080)	(85,042)	(39,581)	(28,407)
Net fee and commission income		**361,814**	**333,194**	**118,072**	**109,826**
Dividend income	8	10,817	9,868	(182)	868
Net trading income	9	124,624	86,124	33,532	23,533
Gains (Losses) from financial investments	10	9,315	5,183	1,425	1,915
Impairment charge for credit losses	11	(89,183)	(126,431)	(38,113)	(40,042)
Administrative expenses	12	(578,644)	(532,286)	(194,101)	(185,768)
Other income	13	40,048	12,481	21,535	3,081
Profit before income tax		**1,037,004**	**669,196**	**344,396**	**222,832**
Income tax expense	14	(287,099)	(204,105)	(77,489)	(67,964)
Profit for the period		**749,905**	**465,091**	**266,907**	**154,868**
Earnings per share	15	2.36	1.47	0.84	0.49

The accompanying notes are an integral part of these financial statements

Separate statement of changes in owners' equity - At 30 September 2015

(All amounts are in thousand Egyptian pounds)

	Paid in capital	Reserves	Retained earnings	Total
30 Sept. 2014				
Balance as at 1 January 2014 as previously issued	1,148,000	336,875	1,301,741	2,786,616
Dividends relating to 2013	-	-	(511,637)	(511,637)
Transfer to reserves and retained earnings	-	32,130	(32,130)	-
Balance as at 1 January 2014	**1,148,000**	**369,005**	**757,974**	**2,274,979**
Net change in fair value of available for sale investments, net of tax	-	(42,878)	-	(42,878)
Net profit for the year	-	-	465,091	465,091
Balance as at 30 Sept. 2014	**1,148,000**	**326,127**	**1,223,065**	**2,697,192**

30 Sept. 2015	Paid in capital	Reserves	Retained earnings	Total
Balance as at 1 January 2015 as previously issued	1,148,000	343,253	1,440,325	2,931,578
Dividends relating to 2014	-	-	(471,917)	(471,917)
Transfer to Capital reserve		4,703	(4,703)	-
Transfer to Legal reserve	-	33,883	(33,883)	-
Balance as at 1 January 2015	**1,148,000**	**381,839**	**929,822**	**2,459,661**
Net change in fair value of available for sale investments, net of tax	-	7,933	-	7,933
Net profit for the year	-	-	749,905	749,905
Balance as at 30 Sept. 2015	**1,148,000**	**389,772**	**1,679,727**	**3,217,499**

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

كريدي أجريكول مصر
CRÉDIT AGRICOLE EGYPT

Separate Statement of Cash Flows - At 30 September 2015

(All amounts are in thousand Egyptian pounds)

	30 Sept. 2015	30 Sept. 2014
Cash flows from operating activities		
Net profit before tax	**1,037,004**	**669,196**
Adjustments to reconcile net profit to cash flow from operating activities:		
Depreciation and amortization	44,716	34,530
Impairment charge for assets	89,183	126,431
Other provision charges	(12,377)	(8,352)
Used provision - other than loans provision	(3,563)	(245)
Amortization of discount on available for sale investments	4,090	4,139
Foreign currencies revaluation of provisions rather than LLP	4,759	1,684
Foreign currencies revaluation of investments rather than TRD	959	2,409
Loss on available for sale investments	319	-
(Profit) on sale of fixed assets	(21,875)	(4)
Operating profit before changes in operating assets & liabilities	**1,143,215**	**829,788**
Net decrease (increase) in assets and liabilities		
Due from banks	(67,413)	(38,218)
Treasury bills	121,856	(331,208)
Held for trading investments	(130,197)	(29,665)
Loans and advances	(1,475,763)	(467,907)
Derivative financial instruments (net)	2,022	(1,437)
Other assets	(33,523)	9,119
Due to banks	166,249	147,454
Customers' deposits	1,101,009	1,535,748
Other liabilities	200,997	366,536
Income taxes paid	(271,071)	(164,511)
Net cash from operating activities	**757,381**	**1,855,699**
Cash flows from investing activities		
Purchase of assets & branches leasehold improvements	(72,083)	(132,304)
Proceeds from sale of fixed assets	22,158	3
Proceeds from sale / redemption of securities other investments	673,391	491,852
Purchases of securities other than trading other investments	(736,450)	(497,291)
Net cash from investing activities	**(112,984)**	**(137,740)**
Cash flows from financing activities		
Dividends paid	(471,917)	(511,637)
Net cash from financing activities	**(471,917)**	**(511,637)**

Net cash and cash equivalents during the period	172,480	1,206,322
Cash and cash equivalents at beginning of the period	7,813,921	6,781,602
Cash and cash equivalents at end of the period	**7,986,401**	**7,987,924**

Cash and cash equivalents are represented in :

Cash and due from Central Bank of Egypt	2,267,151	2,080,703
Due from banks	6,809,957	7,543,300
Treasury bills	6,259,241	4,822,776
Balances with Central Bank of Egypt (Reserve ratio)	(1,396,496)	(1,232,043)
Deposits with banks (Maturity more than three months)	(965,969)	(919,117)
Treasury bills (Maturity more than three months)	(4,987,483)	(4,307,695)
Cash and cash equivalents at end of the period	**7,986,401**	**7,987,924**

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

1. General Information

Credit Agricole - Egypt Bank (S.A.E.) provides corporate banking, retail, and investment banking services in the Arab Republic of Egypt and foreign countries through its head office at 5th Settlement and 78 branches, that employs over 1968 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 12, 2015

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 Sept.2015 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.

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.

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

This category includes: financial assets held for trading, and those designated at fair value through profit or loss at inception.

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

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

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

○ **<u>Loans and receivables</u>**

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.

○ **<u>Held-to-maturity financial assets</u>**

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 .

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

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

The following is followed for financial assets:

- Regular-way purchases and sales of financial assets at fair value through profit or loss, held to maturity and available for sale are recognized on trade-date, the date on which the 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 period 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 recognised within ‘interest income’ and ‘interest expense’ in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the 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 period in which the service is provided. The same principle is applied for financial planning and custody services that are continuously provided over an extended period of time.

- **Dividend income**

Dividends are recognized in the income statement when the 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 loss occurring and its identification is determined by local management for each identified portfolio. In general, the periods used vary between three months and twelve months.

The 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 period 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 period of the contract.

- **Cash and cash equivalents**

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

- **<u>Other provisions</u>**

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.

- **<u>Employee benefits</u>**

  - **<u>Pension Liability</u>**

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 period 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 period 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 period.

3. Financial Risk management

The bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The bank's aim is therefore to achieve an appropriate balance between risk and 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 Rating	Internal Rating	Provision Percentage
Good loans	A+	0%
Good loans	A	1%
Good loans	B+	1%
Good loans	B	1%
Good loans	B-	1%
Good loans	C+	1%
Good loans	C	1%
Good loans	C-	1%
Good loans	D+	2%
Good loans	D	2%
Good loans	D-	2%
Standard monitoring	E+	3%
Standard monitoring	E	5%
Special monitoring	PE-	20%
non-performing	NPE-	DCF
non-performing	F	DCF
non-performing	Z	DCF

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

Exposure at default is based on the amounts the 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 minimise 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 (ie,, the difference between purchase and sale contracts) by both amount and term. The amount subject to credit risk is limited to expected future net cash inflows of instruments, which in relation to derivatives are only a fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the 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 2015		31 December 2014	
Bank's Rating	**Loans and facilities** %	**Loan loss provision** %	**Loans and facilities** %	**Loan loss provision** %
1- Good loans	49.9%	1%	55.8%	1%
2- Standard monitoring	35.4%	2%	32.6%	3%
3- Special monitoring	11.6%	10%	8.1%	5%
4- Nonperforming loans	3.1%	54%	3.5%	54%
	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 2015	31 December 2014
Credit risk exposures relating to on-balance sheet items :		
Cash and balances with central bank	1,396,496	1,412,000
Due from Banks	6,809,957	6,538,686
Treasury Bills	6,259,241	6,250,288
Debt instruments held for trading	176,596	43,008
Loans to banks	127,590	40,471
Loans to customers		
Loans to Individuals:		
- Overdrafts	68,771	192,674
- Credit cards	719,244	585,179
- Personal Loans	3,772,707	3,113,578
Loans To corporate entities:		
- Overdrafts	5,434,557	4,867,083
- Direct Loans	777,494	796,493
- Syndicated loans	1,202,841	969,236
- Other Loans	2,414,351	2,464,975
Derivative financial instruments	40,947	54,525
Investment securities		
- Available for sale debit	2,511,757	2,448,442
Other Assets	185,008	152,907
Total	**31,897,557**	**29,929,545**

	30 September 2015	31 December 2014
Credit risk exposures relating to off-balance sheet items:		
Customer Liabilities Under Acceptance	175,447	235,375
Commitments (Loans and liabilities – irrevocable)	1,807,465	1,544,067
Letter of credit	788,726	818,446
Letters of guarantee	3,725,485	5,309,974
Total	**6,497,123**	**7,907,862**

The above table represents a worse-case scenario of credit risk exposure to the bank at 30 Sept. 2015 and 31 December 2014, 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, 45% of the total maximum exposure is derived from loans and facilities to customers versus 43% in the end of comparative year, where investments in debt securities represent 28% 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:

- 85 % of the loans and advances portfolio is categorised in the top two grades of the internal rating system (2014: 88%);
- 86 % of the loans and advances portfolio are considered to be neither past due nor impaired (2014: 89%);
- Loans and advances individually assessed amount 455,397 thousands Egyptian pounds. (2014: 457,236 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 2015	31 December 2014
Neither past due nor impaired	12,408,082	11,583,995
Past due but not impaired	1,526,486	947,987
Subject to impairment	455,397	457,236
Total	**14,389,965**	**12,989,218**
Less: Unearned income	(12)	(677)
Less: Interest in suspense	(29,029)	(27,497)
Less: allowance for Impairment	(799,139)	(695,420)
Total	**13,561,785**	**12,265,624**

Total impairment loss for loans and advances has amounted to (89,183) thousands of which (47,671) thousand represents impairment on to non-performing loans, and the remaining (41,512) thousand represents reversal of 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 increased by 11.4% 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 2015

Grades	Retail: Overdrafts	Retail: Credit cards	Retail: Personal loans	Retail: Real estate loans	Corporate entities: Overdrafts	Corporate entities: Syndicated loans	Corporate entities: Direct loans	Corporate entities: other loans	Total
1.Good	67,664	-	-	-	4,312,796	384,498	587,424	1,758,698	7,111,080
2.Standard monitoring	-	500,599	3,344,685	-	139,518	385,871	8,916	948	4,380,537
3.Special monitoring	-	-	-	-	326,725	387,835	155,983	45,922	916,465
Total	**67,664**	**500,599**	**3,344,685**	**-**	**4,779,039**	**1,158,204**	**752,323**	**1,805,568**	**12,408,082**

31 December 2014

Grades	Retail: Overdrafts	Retail: Credit cards	Retail: Personal loans	Retail: Real estate loans	Corporate entities: Overdrafts	Corporate entities: Syndicated loans	Corporate entities: Direct loans	Corporate entities: other loans	Total
1.Good	189,998	-	-	-	3,990,375	282,085	672,003	2,094,254	7,228,715
2.Standard monitoring	-	444,778	2,858,079	-	101,249	209,888	27,520	257	3,641,771
3.Special monitoring	-	-	-	-	182,448	432,626	96,488	1,947	713,509
Total	**189,998**	**444,778**	**2,858,079**	**-**	**4,274,072**	**924,599**	**796,011**	**2,096,458**	**11,583,995**

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 2015

(All amounts are in thousand Egyptian pounds)

Retail	Overdrafts	Credit cards	Personal Loans	Real estate loans	Total
Past due up to 30 days	274	158,176	294,774	-	453,224
Past due 30-60 days	16	39,357	85,733	-	125,106
Past due 60-90 days	782	11,281	27,025	-	39,088
Total	**1,072**	**208,814**	**407,532**	**-**	**617,418**

Corporate entities	Overdrafts	Direct loans	Syndicated loans	Other loans	Total
Past due up to 30 days	121,366	2,671	-	184,472	308,509
Past due 30-60 days	14,320	1	-	96,279	110,600
Past due over 60 days	145,592	16,335	-	328,032	489,959
Total	**281,278**	**19,007**	**-**	**608,783**	**909,068**

31 December 2014

Retail	Overdrafts	Credit cards	Personal Loans	Real estate loans	Total
Past due up to 30 days	30	105,336	170,870	-	276,236
Past due 30-60 days	277	21,072	57,138	-	78,487
Past due 60-90 days	1,328	5,886	16,288	-	23,502
Total	**1,635**	**132,294**	**244,296**	**-**	**378,225**

Corporate entities	Overdrafts	Direct loans	Syndicated loans	Other loans	Total
Past due up to 30 days	51,139	478	-	280,427	332,044
Past due 30-60 days	21,166	1	-	64,801	85,968
Past due over 60 days	128,689	3	-	23,058	151,750
Total	**200,994**	**482**	**-**	**368,286**	**569,762**

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 455,397 thousand 457,236 thousand for 2013.

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 Sept. 2015		**Retail**			**Corporate**			**Total**
	Overdraft	**Credit cards**	**Personal Loans**	**Overdrafts**	**Direct loans**	**Syndicated loans**	**Other loans**	
Individually impaired loans	35	9,831	20,490	374,240	6,164	44,637	-	**455,397**
Fair value of collateral	-	178	96	-	-	-	-	**274**

31 December 2014		**Retail**			**Corporate**			**Total**
	Overdraft	**Credit cards**	**Personal Loans**	**Overdrafts**	**Direct loans**	**Syndicated loans**	**Other loans**	
Individually impaired loans	1,041	8,107	11,203	392,017	-	44,637	231	**457,236**
Fair value of collateral	-	312	379	-	-	-	-	**691**

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 2015	**31 December 2014**
Corporate entities		
Overdrafts	86,464	7,803
Direct Loans	-	2,882
	86,464	**10,685**
Individuals		
Personal Loans	81,080	55,725
	81,080	**55,725**
Total	**167,544**	**66,410**

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 2015	Treasury Bills	Trading securities	Securities available for sale	Total
AA- to AA+	-	-	12,392	**12,392**
B-	6,259,241	176,596	2,499,365	**8,935,202**
Total	**6,259,241**	**176,596**	**2,511,757**	**8,947,594**

A.8 Repossessed collateral

During 2015, the bank did not obtain assets by taking possession of collateral held as security as follows:

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 2015	***Cairo***	***Alex., Delta & Sinai***	***Upper Egypt***	**Arab Republic of Egypt**	**Other countries**	**Total**
Balances with CBE	*1,396,496*	-	-	**1,396,496**	-	**1,396,496**
Due from banks	*4,422,049*	-	-	**4,422,049**	*2,387,908*	**6,809,957**
Treasury bills	*6,259,241*	-	-	**6,259,241**	-	**6,259,241**
HFT Debt instruments	*176,596*	-	-	**176,596**	-	**176,596**
Loans to banks	-	-	-	**-**	*127,590*	**127,590**
Loans to customers :						
- Overdrafts	*4,335,654*	*1,122,846*	*44,828*	**5,503,328**	-	**5,503,328**
- Credit cards	*719,244*	-	-	**719,244**	-	**719,244**
- Personal Loans	*2,158,630*	*1,095,956*	*518,121*	**3,772,707**	-	**3,772,707**
- Term Loans	*1,846,364*	*133,971*	-	**1,980,335**	-	**1,980,335**
- Other Loans	*2,220,239*	*184,198*	*9,914*	**2,414,351**	-	**2,414,351**
Derivatives	40,947	-	-	**40,947**	-	**40,947**
AFS Debt instruments	*2,499,365*	-	-	**2,499,365**	12,392	**2,511,757**
Other financial assets	*160,494*	*17,764*	*6,750*	**185,008**	-	**185,008**
As at 30 Sept. 2015	***26,235,319***	***2,554,735***	***579,613***	***29,369,667***	***2,527,890***	***31,897,557***
As at 31 December 2014	***24,588,164***	***1,714,457***	***434,008***	***26,736,629***	***3,192,916***	***29,929,545***

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 2015	**Financial institutions**	**Manufacturing**	**Commercial**	**Governmental**	**Other industries**	**Individuals**	**Total**
Balances with CBE	-	-	-	1,396,496	-	-	**1,396,496**
Due from banks	2,771,060	-	-	4,038,897	-	-	**6,809,957**
Treasury bills	-	-	-	6,259,241	-	-	**6,259,241**
HFT Debt instruments	-	-	-	176,596	-	-	**176,596**
Loans to banks	127,590	-	-	-	-	-	**127,590**
Loans to customers:							
Individuals:							
- Overdrafts	-	-	-	-	-	68,771	**68,771**
- Credit cards	-	-	-	-	-	719,244	**719,244**
- Personal Loans	-	-	-	-	-	3,772,707	**3,772,707**
Corporate entities:							
- Overdrafts	9,565	3,363,178	929,643	208,898	923,273	-	**5,434,557**
- Direct Loans	256,498	453,983	33,836	-	33,177	-	**777,494**
- Syndicated Loans	-	182,809	-	90,312	929,720	-	**1,202,841**
- Other loans	4,096	1,435,177	694,874	1,996	278,208	-	**2,414,351**
Financial instruments derivatives	13,138	16,483	-	-	11,326	-	**40,947**
AFS Debt instruments	12,392	-	-	2,499,365	-	-	**2,511,757**
Other financial assets	18,595	31,735	9,654	85,409	12,665	26,950	**185,008**
30 Sept. 2015	***3,212,934***	***5,483,365***	***1,668,007***	***14,757,210***	**2,188,369**	**4,587,672**	**31,897,557**
31 December 2014	***3,882,084***	***4,315,083***	***2,227,491***	***13,452,445***	***2,126,109***	***3,926,333***	***29,929,545***

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 months till 30 September 2015			**12 months till 31 December 2014**		
	Average	**High**	**Low**	**Average**	**High**	**Low**
Foreign exchange risk	(1,628)	(2,273)	(1,207)	(519)	(1,401)	(16)
Interest rate risk	(2,871)	(4,679)	(1,577)	(2,589)	(5,114)	(948)
VAR	**(3,177)**	**(5,476)**	**(2,043)**	**(2,950)**	**(6,959)**	**(1,116)**

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 2015	EGP	USD	EUR	GBP	CHF	Other	Total in EGP
Assets							
Cash and balances with central banks	2,016,395	166,569	60,229	10,015	1,362	12,581	**2,267,151**
Due from banks	3,196,332	2,902,447	432,916	197,767	24,647	55,848	**6,809,957**
Treasury bills	6,259,241	-	-	-	-	-	**6,259,241**
Debt instruments held for trading	176,596	-	-	-	-	-	**176,596**
Loans to banks	-	127,590	-	-	-	-	**127,590**
Loans to customers	9,261,645	3,357,961	873,225	19,563	44	49,347	**13,561,785**
Financial derivatives	-	28,785	11,924	-	-	238	**40,947**
AFS Investment securities	2,509,287	9,772	12,392	-	-	-	**2,531,451**
Other financial assets	172,524	10,343	1,921	82	-	138	**185,008**
Total financial assets	**23,592,020**	**6,603,467**	**1,392,607**	**227,427**	**26,053**	**118,152**	**31,959,726**
Financial liabilities							
Due to banks	222,975	22,490	27,245	-	-	-	**272,710**
Customers deposits	19,461,154	6,639,331	1,304,926	218,687	25,908	64,215	**27,714,221**
Financial derivatives	-	33,747	11,907	-	-	200	**45,854**
Long-term loans	-	-	-	-	-	-	**-**
Other financial liabilities	196,634	1,264	79	85	-	-	**198,062**
Total financial liabilities	**19,880,763**	**6,696,832**	**1,344,157**	**218,772**	**25,908**	**64,415**	**28,230,847**
Net on balance sheet financial position	**3,711,257**	**(93,365)**	**48,450**	**8,655**	**145**	**53,737**	**3,728,879**
Credit commitments	**2,730,902**	**1,666,477**	**1,398,399**	**3,467**	**1,986**	**695,892**	**6,497,123**

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.

CRÉDIT AGRICOLE EGYPT

EGP in thousands

As at 30 September 2015	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	-	-	-	-	-	2,016,395	2,016,395
Due from banks	3,165,000	-	-	-	-	31,332	3,196,332
Treasury bills	3,132,408	1,567,558	1,559,275	-	-	-	6,259,241
Debt instruments held for trading	176,596	-	-	-	-	-	176,596
Loans to customers	5,122,792	497,789	1,165,030	2,429,495	46,539	-	9,261,645
Available for sale	330,174	220,414	291,654	1,657,122	-	9,923	2,509,287
Held to maturity	417	833	3,750	-	-	71,634	76,634
Other assets	-	-	-	-	-	171,250	171,250
Total assets	**11,927,387**	**2,286,594**	**3,019,709**	**4,086,617**	**46,539**	**2,300,534**	**23,667,380**
liabilities							
Due to banks	-	-	-	-	-	-	-
Customers deposits	-	-	-	-	-	222,975	222,975
Long-term loans	6,012,112	1,495,237	1,898,040	3,794,016	13,155	6,248,594	19,461,154
Other Liabilities	-	-	-	-	-	196,634	196,634
Total liabilities	**6,012,112**	**1,495,237**	**1,898,040**	**3,794,016**	**13,155**	**6,668,203**	**19,880,763**
Total interest repricing gap	**5,915,275**	**791,357**	**1,121,669**	**292,601**	**33,384**	**(4,367,669)**	**3,786,617**

As at 31 December 2014	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	-	-	-	-	-	1,927,138	1,927,138
Due from banks	2,522,000	-	-	-	-	25,734	2,547,734
Treasury bills	2,720,945	1,102,002	2,427,341	-	-	-	6,250,288
Debt instruments held for trading	43,008	-	-	-	-	3,391	46,399
Loans to customers	4,588,970	402,932	1,021,839	2,025,426	45,065	-	8,084,232
Available for sale	3,466	282,740	867,518	1,251,496	-	8,359	2,413,579
Held to maturity	-	-	-	-	-	76,634	76,634
Other assets	-	-	-	-	-	142,916	142,916
Total assets	**9,878,389**	**1,787,674**	**4,316,698**	**3,276,922**	**45,065**	**2,184,172**	**21,488,920**
liabilities							
Due to banks		-	-	-	-	17,116	17,116
Customers deposits	5,349,498	1,552,424	2,249,353	3,650,417	12,767	5,299,333	18,113,792
Long-term loans	-	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	145,011	145,011
Total liabilities	**5,349,498**	**1,552,424**	**2,249,353**	**3,650,417**	**12,767**	**5,461,460**	**18,275,919**
Total interest repricing gap	**4,528,891**	**235,250**	**2,067,345**	**(373,495)**	**32,298**	**(3,277,288)**	**3,213,001**

USD in thousands

As at 30 September 2015	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	-		-	-	-	21,548	21,548
Due from banks	156,000	192,362		-	-	27,111	375,473
Loans to banks	1,554	10,813	4,139	-	-		16,506
Loans to customers	305,921	84,696	43,784	-	-	-	434,401
Available for sale	-			-	-	1,264	1,264
Other assets	-	-	-	-	-	1,338	1,338
Total assets	**463,475**	**287,871**	**47,923**	**-**	**-**	**51,261**	**850,530**
Liabilities							
Due to banks	-	-	-	-	-	2,909	2,909
Customers deposits	330,101	261,096	15,002	2,500	-	250,194	858,893
Other Liabilities	-	-	-	-	-	164	164
Total liabilities	**330,101**	**261,096**	**15,002**	**2,500**	**-**	**253,267**	**861,966**
Total interest repricing gap	**133,374**	**26,775**	**32,921**	**(2,500)**	**-**	**(202,006)**	**(11,436)**

As at 31 December 2014	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	-	-	-	-	-	61,167	61,167
Due from banks	74,906	366,675	-	-	-	13,110	454,691
Loans to banks	-	5,668	-	-	-	-	5,668
Loans to customers	344,236	62,867	61,443	-	-	-	468,546
Available for sale	-	100		-	-	1,264	1,364
Other assets	-	-	-	-	-	1,178	1,178
Total assets	**419,142**	**435,310**	**61,443**	**-**	**-**	**76,719**	**992,614**
Liabilities							
Due to banks	-	-	1,200	-	-	10,943	12,143
Customers deposits	315,795	386,969	16,619	-	5	212,249	931,637
Other Liabilities	-	-	-	-	-	150	150
Total liabilities	**315,795**	**386,969**	**17,819**	**-**	**5**	**223,342**	**943,930**
Total interest repricing gap	**103,347**	**48,341**	**43,624**	**-**	**(5)**	**(146,623)**	**48,684**

EUR in thousands

As at 30 September 2015	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5years	Non-interest bearing	Total
Assets							
Cash and balances with central bank	-	-	-	-	-	6,960	6,960
Due from banks	46,500	-	-	-	-	3,526	50,026
Loans to customers	75,057	18,091	7,759	-	-	-	100,907
Available for sale		-	-	1,432	-		1,432
Other assets	-	-	-	-	-	222	222
Total assets	**121,557**	**18,091**	**7,759**	**1,432**	**-**	**10,708**	**159,547**
Liabilities							
Due to banks	-	-	-	-	-	3,148	3,148
Customers deposits	65,736	12,817	3,432	1,270	-	67,537	150,792
Long-term Loans	-	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	9	9
Total liabilities	**65,736**	**12,817**	**3,432**	**1,270**	**-**	**70,694**	**153,949**
Total interest repricing gap	**55,821**	**5,274**	**4,327**	**162**	**-**	**(59,986)**	**5,598**

As at 31 December 2014	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5years	Non-interest bearing	Total
Assets							
Cash and balances with central bank	-	-	-	-	-	6,180	6,180
Due from banks	39,000	25,000	-	-	-	2,849	66,849
Loans to customers	67,250	4,164	8	-	-	-	71,422
Available for sale	-	653	2,816	-	1,452	-	4,921
Other assets	-	-	-	-	-	146	146
Total assets	**106,250**	**29,817**	**2,824**	**-**	**1,452**	**9,175**	**149,518**
Liabilities							
Due to banks		-	-	-	-	305	305
Customers deposits	70,299	13,012	6,382	1,270	-	74,067	165,030
Long-term Loans	-	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	22	22
Total liabilities	**70,299**	**13,012**	**6,382**	**1,270**	**-**	**74,394**	**165,357**
Total interest repricing gap	**35,951**	**16,805**	**(3,558)**	**(1,270)**	**1,452**	**(65,219)**	**(15,839)**

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 Sept. 2015	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Liabilities						
Due to banks	*222,975*	-	-	-	-	*222,975*
Customers deposits	*8,468,581*	*1,824,987*	*3,381,915*	*5,772,516*	*13,155*	*19,461,154*
Total liabilities (contractual maturity dates)	***8,691,556***	***1,824,987***	***3,381,915***	***5,772,516***	***13,155***	***19,684,129***
Assets held for managing liquidity risk (contractual maturity dates)	***9,404,264***	***3,524,746***	***4,972,141***	***5,479,205***	***115,774***	***23,496,130***

As at 31 December 2014	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Liabilities						
Due to banks	17,116	-	-	-	-	17,116
Customers deposits	7,728,993	1,823,948	3,515,645	5,406,019	27,218	18,501,823
Total liabilities (contractual maturity dates)	**7,746,109**	**1,823,948**	**3,515,645**	**5,406,019**	**27,218**	**18,518,939**
Assets held for managing liquidity risk (contractual maturity dates)	**7,582,052**	**2,717,363**	**6,276,986**	**4,642,941**	**126,662**	**21,346,004**

USD in thousands

As at 30 Sept. 2015	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Liabilities						
Due to banks	*2,909*	-	-	-	-	*2,909*
Customers deposits	*328,265*	*273,366*	*253,173*	*4,089*	*0*	*858,893*
Total liabilities (contractual maturity dates)	***331,174***	***273,366***	***253,173***	***4,089***	***0***	***861,802***
Assets held for managing liquidity risk (contractual maturity dates)	***319,606***	***297,421***	***176,776***	***53,188***	***2,201***	***849,192***

As at 31 December 2014	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Liabilities						
Due to banks	10,943	-	1,200	-	-	12,143
Customers deposits	290,235	392,544	121,874	128,508	-	933,161
Total liabilities (contractual maturity dates)	**301,178**	**392,544**	**123,074**	**128,508**	**-**	**945,304**
Assets held for managing liquidity risk (contractual maturity dates)	**209,612**	**512,326**	**170,208**	**86,180**	**13,110**	**991,436**

EUR in thousands

As at 30 Sept.2015	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Liabilities						
Due to banks	*3,148*	-	-	-	-	*3,148*
Customers deposits	*66,826*	*16,798*	*31,427*	*35,741*	-	*150,792*
Other Loans	-	-	-	-	-	-
Total liabilities (contractual maturity dates)	***69,974***	***16,798***	***31,427***	***35,741***	**-**	***153,940***
Assets held for managing liquidity risk (contractual maturity dates)	***83,541***	***36,059***	***36,737***	***2,988***	**-**	***159,325***

As at 31 December 2014	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Liabilities						
Due to banks	*305*	-	-	-	-	*305*
Customers deposits	*78,887*	*17,702*	*33,507*	*35,100*	*48*	*165,244*
Other Loans	-	-	-	-	-	-
Total liabilities (contractual maturity dates)	***79,192***	***17,702***	***33,507***	***35,100***	***48***	***165,549***
Assets held for managing liquidity risk (contractual maturity dates)	***58,248***	***41,596***	***43,289***	***6,239***	**-**	***149,372***

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 2015	**Up to 1month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Derivatives held for trading:						
Interest rate derivatives	-	-	-	-	(3,234)	(3,234)
Total	**-**	**-**	**-**	**-**	**(3,234)**	**(3,234)**

31 December 2014	**Up to 1month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Derivatives held for trading:						
Interest rate derivatives	-	-	-	-	(5,629)	(5,629)
Total	**-**	**-**	**-**	**-**	**(5,629)**	**(5,629)**

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.

CRÉDIT AGRICOLE EGYPT

(All amounts are in thousand Egyptian pounds)

30 September 2015	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	642,239	196,635	416,188	-	-	1,255,062
− Inflow	640,172	196,936	416,240	-	-	1,253,348
Total outflow	**642,239**	**196,635**	**416,188**	**-**	**-**	**1,255,062**
Total inflow	**640,172**	**196,936**	**416,240**	**-**	**-**	**1,253,348**

31 December 2014	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	476,075	39,231	12,519	34,650	-	562,475
− Inflow	476,588	41,412	12,530	29,021	-	559,551
Total outflow	**476,075**	**39,231**	**12,519**	**34,650**	**-**	**562,475**
Total inflow	**476,588**	**41,412**	**12,530**	**29,021**	**-**	**559,551**

Off-balance sheet items

(All amounts are in thousand Egyptian pounds)

30 September 2015	1 year	1-5 years	Over 5 years	Total
Loan commitments	1,594,107	213,358	-	**1,807,465**
Acceptances, LC's and LG's	4,199,363	453,576	36,719	**4,689,658**
Operating lease commitments	-	-	-	**-**
Capital commitments	25,741	-	-	**25,741**
Total	**5,819,211**	**666,934**	**36,719**	**6,522,864**

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 7,806 thousand (2014: 7,516 thousand).

D.2 Financial instruments not measured at fair value

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's consolidated statement of financial position at their fair value:

(All amounts are in thousand Egyptian pounds)

	Book Value		Value Fair	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
Financial Assets				
Due from banks	6,809,957	6,538,686	6,809,957	6,538,686
Loans to customers Current Loans	9,306,669	8,632,606	9,306,669	8,632,606
Financial instruments held to maturity	76,634	76,634	96,876	107,790
	16,193,260	**15,247,926**	**16,213,502**	**15,279,082**
Financial liabilities				
Due to banks	272,710	106,461	272,710	106,461
Customers deposits Current deposits	21,278,832	18,728,599	21,278,832	18,728,599
	21,551,542	**18,835,060**	**21,551,542**	**18,835,060**

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 2015 LE,000	31 December 2014 LE,000
Going Concern Capital	2,369,408	2,174,322
Gone Concern Capital	213,596	209,661
Total Capital	**2,583,004**	**2,383,983**
Credit Risk	14,473,542	14,051,460
Market Risk	224,541	108,827
Operation Risk	2,503,946	2,504,264
Total Risks	**17,202,029**	**16,664,551**
Capital Adequacy Ratio %	**%15.02**	**%14.31**

Leverage Ratio:

	30 September 2015 LE,000	31 December 2014 LE,000
Going Concern Capital	**2,369,408**	**2,174,322**
On Balance Sheet Risk	33,265,498	31,428,880
Derivatives Risk	51,519	60,981
Off Balance Sheet Risk	3,248,247	4,118,734
Total Risks	**36,565,263**	**35,608,595**
Leverage Ratio %	**%6.48**	**%6.11**

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 Sept. 2015	Corporate banking	SMEs	Investment banking	Retail	Assets and liabilities management	Total
Revenues and expenses according to the sector activity						
Revenues of the sector activity	457,421	295,652	122,369	518,042	311,347	1,704,831
Expenses of the sector	(178,505)	(134,614)	(23,508)	(331,200)	-	(667,827)
Result of the sector operations	**278,916**	**161,038**	**98,861**	**186,842**	**311,347**	**1,037,004**
Profit before tax	278,916	161,038	98,861	186,842	311,347	1,037,004
Taxes	(116,529)	(36,234)	(22,244)	(42,039)	(70,053)	(287,099)
Net profit	**162,387**	**124,804**	**76,617**	**144,803**	**241,294**	**749,905**
Assets and Liabilities according to the sector activity						
Assets of the sector activity	6,379,742	2,781,157	11,277,080	4,395,668	8,088,170	32,921,817
Total assets	**6,379,742**	**2,781,157**	**11,277,080**	**4,395,668**	**8,088,170**	**32,921,817**
Liabilities of the sector activity	5,440,663	3,748,982	4,222,930	14,620,212	1,671,531	29,704,318
Total Liabilities	**5,440,663**	**3,748,982**	**4,222,930**	**14,620,212**	**1,671,531**	**29,704,318**

30 Sept. 2014	Corporate banking	SMEs	Investment banking	Retail	Assets and liabilities management	Total
Revenues and expenses according to the sector activity						
Revenues of the sector activity	335,484	251,243	110,251	403,529	227,405	1,327,912
Expenses of the sector	(129,416)	(220,938)	(22,901)	(285,461)	-	(658,716)
Result of the sector operations	**206,068**	**30,305**	**87,350**	**118,068**	**227,405**	**669,196**
Profit before tax	206,068	25,510	85,347	118,068	234,203	669,196
Taxes	(61,820)	(7,653)	(25,604)	(35,421)	(73,607)	(204,105)
Net profit	**144,248**	**17,857**	**59,743**	**82,647**	**160,596**	**465,091**
Assets and Liabilities according to the sector activity						
Assets of the sector activity	6,033,346	2,495,567	10,210,758	3,728,206	8,071,476	30,539,353
Total assets	**6,033,346**	**2,495,567**	**10,210,758**	**3,728,206**	**8,071,476**	**30,539,353**
Liabilities of the sector activity	4,399,711	3,211,764	4,072,708	14,583,558	1,574,420	27,842,161
Total Liabilities	**4,399,711**	**3,211,764**	**4,072,708**	**14,583,558**	**1,574,420**	**27,842,161**

b. Geographical sector analysis

(All amounts are in thousand Egyptian pounds)

30 Sept. 2015	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenues & Expenses according to the geographical sectors				
Revenues of the Geographical sectors	2,025,724	403,270	200,449	2,629,443
Expenses of the Geographical sectors	(1,487,915)	(129,186)	24,662	(1,592,439)
Result of sector operations	**537,809**	**274,084**	**225,111**	**1,037,004**
Profit before tax	537,809	274,084	225,111	1,037,004
Tax	(174,780)	(61,669)	(50,650)	(287,099)
Profit of the period	**363,029**	**212,415**	**174,461**	**749,905**

30 Sept. 2014	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenues & Expenses according to the geographical sectors				
Revenues of the Geographical sectors	1,774,701	307,323	155,945	2,237,969
Expenses of the Geographical sectors	(1,439,693)	(126,798)	(2,282)	(1,568,773)
Result of sector operations	**335,008**	**180,525**	**153,663**	**669,196**
Profit before tax	335,008	180,525	153,663	669,196
Tax	(103,848)	(54,158)	(46,099)	(204,105)
Profit of the period	**231,160**	**126,367**	**107,564**	**465,091**

6. Net interest income

	30 Sept. 2015 LE,000	30 Sept. 2014 LE,000
Interest on loans and similar income		
To banks	198,662	107,631
To customers	1,020,739	952,309
	1,219,401	**1,059,940**
Treasury bills	514,754	402,386
Investments in held to maturity and available for sale debt instruments	242,590	243,751
	1,976,745	**1,706,077**
Interest expenses and similar charges		
Deposits and current accounts:		
- To banks	(7,897)	(4,112)
- To customers	(810,635)	(820,902)
	(818,532)	**(825,014)**
Net interest income	**1,158,213**	**881,063**

7. Net fee and commission income

	30 Sept. 2015 LE,000	30 Sept. 2014 LE,000
Fee and Commission income :		
Credit related fees and commissions	387,338	347,791
Trust and other fiduciary fees	6,236	6,082
Other fees	74,320	64,363
Total	**467,894**	**418,236**
Fee and Commission expense :		
Other fees and commissions paid	(106,080)	(85,042)
	(106,080)	**(85,042)**
Net fee and Commission	**361,814**	**333,194**

8. Dividend Income

	30 Sept. 2015 LE,000	30 Sept. 2014 LE,000
Investment in subsidiaries	7,988	7,567
Investment in Available For sale	2,079	1,401
Mutual Funds	750	900
	10,817	**9,868**

9. Net trading income

	30 Sept. 2015 LE,000	30 Sept. 2014 LE,000
Foreign exchange:		
Gains from foreign currencies transactions	92,096	43,781
Gain on revaluation of forward rate contracts	484	-
(Loss) Gain on revaluation of currency swap contracts	3	2,012
Gain on revaluation of option deals	5,027	9,935
Debt trading instruments	27,012	30,395
Equity trading instruments	2	1
	124,624	**86,124**

10. Gains from financial investments

	30 Sept. 2015 LE,000	30 Sept. 2014 LE,000
Loss on sale of AFS	(319)	-
Gain on sale of Treasury Bills	9,634	5,183
	9,315	**5,183**

11. Impairment charge for credit losses

	30 Sept. 2015 LE,000	30 Sept. 2014 LE,000
Loans and advances to customers	(89,183)	(126,431)
	(89,183)	**(126,431)**

12. Administrative expenses

	30 Sept. 2015 LE,000	30 Sept. 2014 LE,000
Staff costs		
Wages and salaries	(246,213)	(222,816)
Social insurance costs	(32,347)	(31,861)
	(278,560)	**(254,677)**
Other Administrative expenses	(250,662)	(242,520)
Stamp Duty on Loans	(49,422)	(35,089)
	(578,644)	**(532,286)**

13. Other operating income

	30 Sept. 2015 LE,000	30 Sept. 2014 LE,000
Other provisions	12,377	8,352
Loss on asset acquired revaluation	-	(196)
Profit on sale of fixed assets	21,875	4
Others	5,796	4,321
	40,048	**12,481**

14. Income tax expense

	30 Sept. 2015 LE,000	30 Sept. 2014 LE,000
Profit before tax	**1,037,004**	**669,196**
Tax calculated at a tax rate of 30%	-	(33,460)
Tax calculated at a tax rate of 25%	-	(167,299)
Tax calculated at a tax rate of 22.5%	(233,326)	-
Expenses not deductible for tax purposes	(63,174)	(15,067)
Income not subject to tax	11,647	17,742
Tax exemption	38,020	59,988
Provisions effect	(40,266)	(66,010)
Income tax expense	**(287,099)**	**(204,105)**

15. Earnings per share

	30 Sept. 2015 LE,000	30 Sept. 2014 LE,000
Net profit for the period	749,905	465,091
Employees share in profit	(71,241)	(44,184)
Profit attributable to shareholders of the bank (1)	678,664	420,907
Weighted average number of ordinary shares in issue (2)	287,000	287,000
Basic earnings per share (Egyptian pound) **(1:2)**	**2.36**	**1.47**

16. Cash and due Central Bank of Egypt

	30 Sept. 2015 LE,000	31 December 2014 LE,000
Cash in hand	870,655	1,017,338
Balances with the Central Bank of Egypt limited to the reserve ratio	1,396,496	1,412,000
	2,267,151	**2,429,338**
Non-interest bearing balances	2,267,151	2,429,338
	2,267,151	**2,429,338**

17. Due from banks

	30 Sept. 2015 LE,000	31 December 2014 LE,000
Current accounts	319,030	191,808
Placements with other banks	6,490,927	6,346,878
	6,809,957	**6,538,686**
Central banks	3,751,614	3,075,656
Local banks	670,435	399,570
Foreign banks	2,387,908	3,063,460
	6,809,957	**6,538,686**
Non-interest bearing balances	385,509	191,808
Fixed interest bearing balances	6,424,448	6,346,878
	6,809,957	**6,538,686**

18. Treasury bills

	30 Sept. 2015 LE,000	31 December 2014 LE,000
Treasury bills represent the following according to maturities:		
Treasury bills, maturity 91 days	1,290,550	1,162,800
Treasury bills, maturity 182 days	863,925	865,875
Treasury bills, maturity 273 days	1,384,250	2,063,200
Treasury bills, maturity 364 days	2,905,775	2,410,450
Unearned interest	(185,259)	(252,037)
	6,259,241	**6,250,288**

19. Held for trading investments

	30 Sept. 2015 LE,000	31 December 2014 LE,000
Debt securities held for trading		
Government bonds	176,596	43,008
	176,596	**43,008**
Equity securities:		
Mutual funds certificates	-	3,391
	-	**3,391**
Total	**176,596**	**46,399**

20. Loans to banks

	30 Sept. 2015 LE,000	31 December 2014 LE,000
Other loans	127,590	40,471
Total	**127,590**	**40,471**

21. Loans and advances to customers (net)

	30 Sept. 2015 LE,000	31 December 2014 LE,000
Individual		
Overdrafts	68,771	192,674
Credit cards	719,244	585,179
Personal Loans	3,772,707	3,113,578
Total (1)	**4,560,722**	**3,891,431**
Corporate entities		
Overdrafts	5,434,557	4,867,083
Direct Loans	777,494	796,493
Syndicated loans	1,202,841	969,236
Other Loans	2,414,351	2,464,975
Total (2)	**9,829,243**	**9,097,787**
Total Loans and advances (1+2)	**14,389,965**	**12,989,218**
Less : unearned income	(12)	(677)
Less : suspense interest	(29,029)	(27,497)
Less: allowance for impairment	(799,139)	(695,420)
Net	**13,561,785**	**12,265,624**
Current Balances	9,306,669	8,632,606
Non-Current Balances	5,083,296	3,633,018
	14,389,965	**12,265,624**

Allowance for impairment
30 Sept. 2015

Individuals	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Balance at the beginning of the period	283	22,580	76,270	208	99,341
Impairment charges	506	11,992	43,255	(98)	55,655
Loans written off during the period	(544)	(4,774)	(17,133)	-	(22,451)
Amount recoveries during the period	-	3,471	17,109	-	20,580
Provisions no longer required	-	(3,471)	(17,109)	-	(20,580)
Balance at the period end	**245**	**29,798**	**102,392**	**110**	**132,545**

Corporate entities	Overdrafts	Direct Loans	Syndicated loans	Other Loans	Total
Balance at the beginning of the period	378,263	91,151	96,741	29,924	596,079
Impairment charges	11,543	71,179	(10,612)	(2,736)	69,374
Loans written off during the period	(7,805)	-	-	-	(7,805)
Provisions no longer required	(15,266)	-	-	-	(15,266)
Amount recoveries during the period	1,446	-	-	-	1,446
Transfers	4,106	-	-	-	4,106
Exchange differences	11,841	2,853	3,029	937	18,660
Balance at the period end	**384,128**	**165,183**	**89,158**	**28,125**	**666,594**
Total					**799,139**

31 December 2014

Individuals	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Balance at the beginning of the year	13	19,317	67,487	5	**86,822**
Impairment charges	404	10,039	32,805	203	**43,451**
Loans written off during the year	(134)	(6,776)	(24,022)	-	**(30,932)**
Amount recoveries during the year	-	4,819	28,919	-	**33,738**
Provisions no longer required	-	(4,819)	(28,919)	-	**(33,738)**
Balance at the year end	**283**	**22,580**	**76,270**	**208**	**99,341**

Corporate entities	Overdrafts	Direct Loans	Syndicated loans	Other Loans	Total
Balance at the beginning of the year	270,550	102,236	124,255	20,200	**517,241**
Impairment charges	166,848	(12,402)	(29,115)	9,464	**134,795**
Loans written off during the year	(31,087)	-	-	-	**(31,087)**
Provisions no longer required	(32,891)	-	-	-	**(32,891)**
Amount recoveries during the year	1,390	-	-	-	**1,390**
Transfers	(33)	-	-	-	**(33)**
Exchange differences	3,486	1,317	1,601	260	**6,664**
Balance at the year end	**378,263**	**91,151**	**96,741**	**29,924**	**596,079**
Total					**695,420**

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.

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Derivatives:

30 Sept. 2015 LE,000	Contractual amount	Assets	Liabilities
Derivatives held for trading			
Currency forwards	–	11,616	9,841
Currency swaps	641,002	9,301	12,748
OTC currency options	611,417	2,381	2,382
	1,252,419	**23,298**	**24,971**
Interest rate derivatives			
Interest rate swaps	314,987	17,649	20,883
	314,987	**17,649**	**20,883**
Total derivatives held for trading	**1,567,406**	**40,947**	**45,854**

31 December 2014 LE,000	Contractual amount	Assets	Liabilities
Derivatives held for trading			
Currency forwards	54,770	5	147
Currency swaps	457,189	4,832	1,946
OTC currency options	1,924,508	20,667	20,667
	2,436,467	**25,504**	**22,760**
Interest rate derivatives			
Interest rate swaps	962,234	29,021	34,650
	962,234	**29,021**	**34,650**
Total derivatives held for trading	**3,398,701**	**54,525**	**57,410**

23. Financial Investments

	30 Sept. 2015 LE,000	31 December 2014 L.E,000
Available for sale investments		
Listed debt securities - at fair value	2,499,365	2,405,220
Unlisted debt securities - at fair value	12,392	43,222
Unlisted Equity securities – at fair value	19,694	17,385
Total available for sale Investments	**2,531,451**	**2,465,827**
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	**2,608,085**	**2,542,461**
Current Balances	861,937	1,168,892
Non-current balances	1,746,148	1,373,569
	2,608,085	**2,542,461**
Debt instruments with fixed interest rates	2,499,365	2,367,185
Debt instruments with variable interest rates	12,392	81,257
	2,511,757	**2,448,442**

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

30 Sept. 2015	**Available for sale**	**Held to maturity**	**Total**
Balance at 1 January	2,465,827	76,634	2,542,461
Additions	736,450	-	736,450
Disposals (sale / redemption)	(673,391)	-	(673,391)
Premium / discount amortization	(4,090)	-	(4,090)
Exchange difference on monetary assets	(959)	-	(959)
Changes in fair value	7,933	-	7,933
Loss on Sale of AFS	(319)	-	(319)
Balance at 30 June 2015	**2,531,451**	**76,634**	**2,608,085**

31 December 2014	**Available for sale**	**Held to maturity**	**Total**
Balance at 1 January	2,603,715	76,634	2,680,349
Additions	602,106	-	602,106
Disposals (sale / redemption)	(704,592)	-	(704,592)
Premium / discount amortization	(5,725)	-	(5,725)
Exchange difference on monetary assets	(3,925)	-	(3,925)
Changes in fair value	(25,752)	-	(25,752)
Balance at 31 December 2014	**2,465,827**	**76,634**	**2,542,461**

24. Investment in subsidiaries

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

Company	**Country**	**Assets**	**Liabilities**	**Revenues**	**Profit/(Loss)**
EHFC Sept. 30, 2015	Egypt	285,758	170,940	33,901	6,081
EHFC December 31, 2014	Egypt	312,068	195,676	44,655	8,414

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

	30 September 2015 LE,000	**31 December 2014 L.E,000**
Balance at cost	143,822	143,822

25. Intangible assets	30 Sept. 2015 LE,000	31 December 2014 LE,000
Balance at beginning of comparative period		
Cost	117,849	116,463
Accumulated amortization	(99,924)	(87,743)
Net book value	**17,925**	**28,720**
Balance for the current period		
Net Book value at the beginning of the period	17,925	28,720
Additions	3,705	1,387
Amortization expense	(8,047)	(12,182)
Net Book Value at the end of the current period	**13,583**	**17,925**
Balance at the end of the current period		
Cost	121,554	117,850
Accumulated amortization	(107,971)	(99,925)
Net book value	**13,583**	**17,925**

26. Other assets	30 Sept. 2015 LE,000	31 December 2014 L.E,000
Accrued revenues	185,008	152,907
Prepaid expenses	45,007	48,887
Advance payments for purchase of fixed assets	51,549	97,539
Assets reverted to the Bank in settlement of debts	18,205	19,012
Deposits with others and imprest fund	10,933	9,908
Other	33,037	28,760
Total	**343,739**	**357,013**

27. Fixed Assets

	Land	Buildings	Computer systems	Vehicles	Fixtures	Machinery and equipment	Furniture	Other	Total
Balance as of previous year									
Cost	108,729	119,167	147,862	12,205	139,153	28,948	13,824	30,578	600,466
Accumulated Depreciation	-	(69,296)	(128,783)	(7,175)	(110,437)	(20,846)	(9,982)	(16,357)	(362,876)
Net book value as of previous year	**108,729**	**49,871**	**19,079**	**5,030**	**28,716**	**8,102**	**3,842**	**14,221**	**237,590**
Additions	-	-	1,985	986	354	129	-	68	3,522
Disposals	-	-	(1)	-	-	(7)	-	(25)	(33)
Depreciation expense	-	(2,452)	(3,980)	(885)	(6,625)	(1,041)	(380)	(1,208)	(16,571)
Net book value as of 30 Sept. 2014	**108,729**	**47,419**	**17,083**	**5,131**	**22,445**	**7,183**	**3,462**	**13,056**	**224,508**
Balance as of 1 January 2015									
Cost	108,729	348,972	149,044	13,080	186,585	31,966	12,497	30,168	881,041
Accumulated Depreciation	-	(74,323)	(133,752)	(8,845)	(124,633)	(20,908)	(9,120)	(17,555)	(389,136)
Net Book value	**108,729**	**274,649**	**15,292**	**4,235**	**61,952**	**11,058**	**3,377**	**12,613**	**491,905**
Additions	-	38,361	19,954	-	8,242	3,670	20,588	23,553	114,368
Disposals	-	-	(7)	-	-	(184)	(71)	(21)	(283)
Depreciation expense	-	(9,354)	(5,147)	(1,127)	(13,914)	(2,218)	(2,227)	(2,682)	(36,669)
Net book value as of 30 Sept. 2015	**108,729**	**303,656**	**30,092**	**3,108**	**56,280**	**12,326**	**21,667**	**33,463**	**569,321**
Cost	108,729	387,333	165,148	12,964	194,827	32,632	31,299	53,030	985,962
Accumulated Depreciation	-	(83,677)	(135,056)	(9,856)	(138,547)	(20,307)	(9,632)	(19,566)	(416,641)
Net book value as of 30 Sept. 2015	**108,729**	**303,656**	**30,092**	**3,108**	**56,280**	**12,325**	**21,667**	**33,464**	**569,321**

28. Due to banks

	30 Sept. 2015 LE,000	31 December 2014 L.E,000
Current accounts	272,710	97,893
Deposits	-	8,568
	272,710	**106,461**
Central Banks	-	-
Local banks	248	354
Foreign banks	272,462	106,107
	272,710	**106,461**
Non-interest bearing balances	272,710	97,893
Interest bearing balances	-	8,568
	272,710	**106,461**
Current Balances	**272,710**	**106,461**

29. Customers' deposits

	30 Sept. 2015 LE,000	31 December 2014 L.E,000
Demand deposits	8,880,437	7,488,952
Time and call deposits	9,495,528	9,629,371
Certificates of deposits	5,356,487	5,823,781
Saving accounts	3,767,230	3,485,250
Other deposits	214,539	185,858
Total	**27,714,221**	**26,613,212**
Corporate Deposits	13,615,615	12,743,484
Retail Deposits	14,098,606	13,869,728
	27,714,221	**26,613,212**
Current Balances	21,278,832	18,728,599
Non-current balances	6,435,389	7,884,613
	27,714,221	**26,613,212**
Non-interest bearing balances	9,094,976	7,674,810
Interest bearing balances	18,619,245	18,938,402
	27,714,221	**26,613,212**

30. **Other Liabilities**	**30 Sept. 2015 LE,000**	**31 December 2014 L.E,000**
Accrued interest	198,062	146,345
Unearned revenue	27,428	38,800
Accrued expenses	478,295	417,874
Other credit balances	631,368	531,137
	1,335,153	**1,134,156**

31. **Other provisions**	**30 Sept. 2015 LE,000**	**31 December 2014 L.E,000**
At 1 January	**153,804**	**147,866**
Exchange differences	4,759	1,679
Charged to the income statement	(12,377)	5,082
Transfer	(4,107)	32
Utilized during period	(3,563)	(855)
	138,516	**153,804**

Other provisions represent the following:

	30 Sept. 2015 LE,000	**31 December 2014 L.E,000**
Provision for contingent claims	45,864	44,816
Provision for contingent liabilities	92,652	108,988
Balance	**138,516**	**153,804**

32. **Retirement benefit obligations**	**30 Sept. 2015 LE,000**	**31 December 2014 L.E,000**
Balance sheet obligations for:		
Post employment medical benefits	40,123	40,123
	40,123	**40,123**

- 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 11.5%
  Inflation Rate of medical care costs 8.6%
- 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 11.5%
  Rates of salary increases 9%
- The assumption of death rates were made according to the British Mortality Table no. (A49/52).
- There is no liability on the Bank as at 30 June 2014 resulting from Defined-Benefit Obligations (Retirement Benefits) for the CAE Provident Fund of the Staff who reach the retirement age, or in cases of disability, death or resignation. That is because the present value of the Fund benefit obligations is lower than the fair value of the Fund's assets.

33. Share capital and reserves

a. Share capital

- The bank authorized share capital with LE 3,500,000,000. The issued and paid up capital is LE 1,148,000,000 divided into 287,000,000 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	135,996,239	47.39%	543,985
Almansour and Almaghraby for development and investment	26,201,437	9.83%	104,806
International Company for Trading and Agencies International	4,182,581	1.46%	16,730
Credit Agricole Corporate and Investment	37,500,008	13.07%	150,000
Others	83,119,735	28.26%	332,479
Total	**287,000,000**	**100.00%**	**1,148,000**

b. Reserves

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 **20%** 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.

The General Assembly approval obtained to increase the issued capital of 1,148,000,000 Egyptian pounds to 1,243,668,000 pounds, an increase of 95,668,000 pounds and by issuing one share for every 12 shares, distributed over 23,917,000 shares. That increase is funded from the general reserve in the amount of EGP 28,925,000 and part of the retained earnings of 66,743,000 Egyptian pounds. The General Assembly has delegated the Board to take legal action.

34. Reserves and retained earning

A. Reserves	30 Sept. 2015 LE,000	30 Sept. 2014 LE,000
Legal reserve	228,146	194,263
Special reserve	103,732	103,732
General reserve	28,925	28,925
Capital reserve	14,634	9,931
Fair value reserve – available for sale investments	14,335	(10,724)
Total reserves	**389,772**	**326,127**

Movements in reserves were as follows:

a. Legal reserve		
Balance at the beginning of the period	194,263	162,133
Transferred from the Net profit	33,883	32,130
Balance	**228,146**	**194,263**
b. Special reserve		
Balance at the beginning of the period	103,732	103,732
Balance	**103,732**	**103,732**
c. General reserve		
Balance at the beginning of the period	28,925	28,925
Balance	**28,925**	**28,925**
d. Capital Reserve		
Balance at the beginning of the period	9,931	9,931
Transferred from Net profit for the end of year	4,703	
Balance	**14,634**	**9,931**
e. Fair value reserve – available for sale investments		
Balance at the beginning of the period	6,402	32,154
Revaluation differences in investments during the period	5,268	(5,583)
Balance	**11,670**	**26,571**

B. Retained earnings	30 Sept. 2015 LE,000	30 Sept. 2014 LE,000
Balance at the beginning of the period	1,440,325	1,301,741
Dividend income	(471,917)	(511,637)
Transferred to Legal reserve	(33,883)	(32,130)
Transferred to Capital Reserve	(4,703)	-
Profit of the period	749,905	465,091
Balance	**1,679,727**	**1,223,065**

35. Contingent liabilities and commitments

A. Loans, advances and Guarantees Commitments	30 Sept. 2015 LE,000	31 December 2014 L.E,000
Letters of guarantee	3,725,485	5,309,974
Commercial letters of credit (import and export)	788,726	818,446
Acceptances	175,447	235,375
Other contingent liability	1,807,465	1,544,067
Total	**6,497,123**	**7,907,862**

B. Operating Lease Commitments
Nil

C. Legal Claims
There were a number of legal proceedings outstanding against the bank at 30Sept.2015 with provision amounted 7,153 thousand Egyptian pounds.

D. Capital Commitments
The bank had capital commitments of 26 million Egyptian pounds in respect of fixed assets purchases and branches fixtures and have not been implemented yet till the balance sheet date.

36. Cash and cash equivalents

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

	30 Sept. 2015 LE,000	30 Sept. 2014 L.E,000
Cash and balances with central banks	870,655	848,660
Due from banks	5,843,988	6,624,183
Treasury bills	1,271,758	515,081
	7,986,401	**7,987,924**

37. Mutual funds

Credit Agricole Bank mutual fund no. (1)

The fund is one of the banking activities licensed by the capital law no. 95 for 1992 and its executive rules. The number of investment certificates in the fund have reached 3,000,000 certificates and their value 300,000,000 EGP. The bank owned 150 000 investment certificates (par value 15,000,000 EGP) Credit Agricole 1st fund managed by EFG Hermes, The redeemable price per IC amounted to LE 220.73 at balance sheet date and the total value is 33,108,803 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 356,393 EGP as of 30 Sept. 2015 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 15,445,017 EGP with a redeemable price of 102.97 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 260,728 EGP as of 30 Sept 2015 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 41,520,960 EGP and a redeemable price of 1064.64EGP 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 2,613,042 EGP as of 30 Sept 2015s 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 6,801,174 EGP with a redeemable price of 136.2 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 913,483 EGP as of 30 Sept 2015 that was classified as fees and commission income in the income statement.

38. Related party transactions

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

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

A) Loans and advances to related parties

	Subsidiary	
	30 Sept. 2015 LE,000	31 December 2014 LE,000
Loans outstanding at 1 January	140,630	158,169
Loans issued (repayment)	(12,434)	(17,539)
Loans outstanding	**128,196**	**140,630**
Interest income earned	10,806	16,471

B) Deposits from related parties

	Subsidiary	
	30 Sept. 2015 LE,000	31 December 2014 LE,000
Deposits at 1 January	19,259	22,108
Deposits received (repaid)	(17,202)	(2,849)
Deposits	**2,057**	**19,259**
Interest expense on deposits	224	14,612

C) Other transactions with related parties

	Credit Agricole Group	
	30 Sept. 2015 LE,000	31 December 2013 LE,000
Due from banks	38,942	-
Available for sale investments	12,392	47,572
Due to banks	242,775	490
Other Liabilities	15,460	13,877
General and Administrative expenses	13,126	19,576
Letters of Guarantee issued by the Bank	1,120,224	2,780,540

	Subsidiaries and associates	
	30 Sept. 2015 LE,000	31 December 2013 LE,000
Investment is subsidiary	143,822	143,822
Fees and Commission revenues	810	654
Other Assets	550	444

39. Short term wages and benefits

The monthly average of net total annual income of the banks' twenty employees with the largest wages and salaries collectively during the period amounted to 2,617 thousands EGP compared to 2,499 for the previous year

40. Deferred tax assets not recognized

	30 Sept. 2015 LE,000	31 December 2014 LE,000
Other Provision	24,378	37,767
	24,378	**37,767**

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

41. Tax position

1- Corporate Tax

First: ex-Calyon (currently Credit Agricole Egypt)

Period from Start-up date to 31 Dec. 2004

Tax examination, internal committees & challenge committees tasks were conducted and the due tax was settled until 2004.

Period from 1 Jan. 2005 to 31 Dec. 2005

Tax examination was done until 31 Dec. 2005.

The internal committee's task for 2005 was conducted and resulted in nil.

Period from 1 Jan. 2006 to 31 Dec. 2007

Tax inspection was done for the above period, the internal committee's task was conducted, the dispute was settled and the due tax was paid.

Period from 1 Jan. 2008 to 31 Dec. 2009

Tax inspection was done. the internal committee's task was conducted, the dispute was settled and the due tax was paid.

Period from 1/1/2010 to 31/12/2012

Tax inspection was done. the internal committee's task was conducted, the dispute was settled and the due tax was paid.

Period from 1/1/2013 to 31/12/2013

Under tax examination.

Period from 1/1/2014 to 31/12/2014

Under tax examination.

Second: ex-Credit Lyonnais (CL) – Egypt

Period from Start-up date to 31 Dec. 2003

Tax examination was done together with internal committees & tax challenge committees, dispute was settled and due tax was paid until 2003.

Third: ex-Egyptian American Bank (EAB)
Period from Start-up date to 31 Aug. 2006 "Date of Merger"
Tax examination was done together with internal committees & tax challenge committees, dispute was settled and due tax was paid.

Fourth: ex-American Express (AMEX)
Period from Start-up date to 30 June 2005
Tax examination was done together with internal committees & tax challenge committees, dispute was settled and due tax was paid.

2- Income Tax

First: ex-Calyon (currently Credit Agricole Egypt)
Period from Start-up date to 31 Dec. 2011
Tax examination was done until 31 Dec. 2011 and resulted in tax adjustments that have been settled.
Period from 1 Jan. 2012 to 31 Dec. 2012
Tax examination was done until 31 Dec. 2012 and resulted in tax adjustments that have been settled.
Period from 1 Jan. 2013 to 31 Dec. 2013
Tax examination was done. And differences paid.
Period from 1 Jan. 2014 to 31 Dec. 2014
Under tax examination.

Second: ex-EAB
Period from Start-up date to 31 Aug. 2006 (Merger Date)
Tax examination was done, dispute settled and due tax paid until 31 Aug. 2006.

Third: ex-AMEX
Period from Start-up date to 30 June 2005
Tax examination was done together with internal committees & tax challenge committees, dispute was settled and due tax was paid.

3- Stamp Duty

Stamp Duty under Law no. 111/1980
First: ex-Calyon, ex-EAB and ex-CL
All branches were examined until 31 July 2006 except for Maadi, Sharm El-Sheikh and Coral Bay Branches of ex-EAB for the period from 1 Jan. 2006 to 31 July 2006.

Under Law no. 143/2006
Port Said Branch was examined according to the new Stamp Duty Law.
Examination was done according to the new Stamp Duty Law from 1 Aug. 2006 to 31 Dec. 2009.
The tax of the years 2010, 2011 , 2012 & 2013 under examination.

Second: ex-AMEX Branches
Head Office
The Head Office was examined in terms of the financial and administrative aspects until 30 June 2005.
Mohandiseen Branch
Tax examination was done until 30 June 2005 and the dispute was settled according to the Tax Challenge Committee's decision. There is a dispute in the Tax Challenge Committee for the years

1999/2002 that is being discussed. Some items for the years 1995/2003 have been brought to the court.

Heliopolis Branch

Tax examination was made until 31 July 2006 and some disputed items have been referred to the court for the years from 1 July 1994 to 2003.

Giza Branch

The Branch was examined until 30 June 2005. There is a dispute in the Tax Challenge Committee over the year 1999/2002 which is being discussed.

As for the years from 1993 to 2002, the dispute was settled as decided by the Tax Challenge Committee whereas some items have been referred to the competent court.

Alexandria Branch

Examination was done until 30 June 2005 and the dispute was settled according to the Tax Challenge Committee's decision. Some disputed items for the years from 1995 to 1997 have been brought to the competent court. For information, the settlement of the file is until 30 June 2005.

Port Said Branch

The file was examined from the start-up date to 30 June 2005 and the file has been settled until 30 June 2005.

Gezeira Branch

The tax was examined until 31 July 2006. There are some disputed items for the years 2001/2002 that have been referred to the Tax Challenge Committee (under discussion).

On 4 June 2014 Law No. 44 for 2014 issued for tax additional on temporary for 3 years from the current tax period with (5%) on more than one million pounds on natural persons or companies' profits in accordance with the income tax Law and to be connected and collected in accordance with those laws, the law applied on 5 April 2014, and then taken into account when calculating the tax expenses for the financial period ended 30 September 2014.

On 30 June 2014 Presidential Decree No. 53 of 2014 issued and has included some amendments on some articles of the income tax law issued by law 91 of 2005 of which the most important are:-

- New tax on dividends.
- New tax on capital gains resulting from the sale of quotas and stock.

On 6 April ٢٠١5 issued ministerial resolution No. 172 of the year ٢٠١5 to amend the regulations under the income tax law issued by the financial Minister no. 991 for the year 2005.

On 20 February 2015, the President of the Republic issued Decree Law No. (96) 2015 amending some the income tax law No. 91 for the year 2005 and decision No. 44 for the year 2014 additional temporary tax on income, that this decision with effect from the day following the publication, the following are the major changes contained in the resolution:

- Income tax rate cut to become 22.5% of net annual profits.
- Modify the duration of the temporary tax of 5%.
- Modify the tax on dividends.

- The suspension of a tax on capital output deal in securities listed in the stock exchange for a period of two years commencing from 17 June 2015.

42. Translation

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