Creditbank S.A.L.

ANNUAL REPORT 2015

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CHAIRMAN'S LETTER

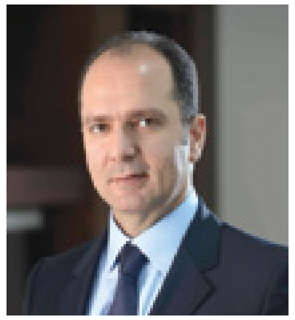
We furthermore find ourselves regarded as a recruiter of choice by Lebanon's top career minded. To us, this is yet another token of success, as our business is so much more about people than it is about numbers.

As we firmly believe in giving back to the communities we operate in, we have reinforced our active Corporate Social Responsibility policy by extending existing partnerships and embracing new initiatives.

Finally, my appreciation goes out to our correspondent banks that in spite of the difficult macro-economic circumstances have displayed great understanding, courage and consistency towards Creditbank thus allowing our mutual business to foster and bloom.

We look forward to embracing new fruitful ventures and strong alliances with a view to consolidate and expand our standing domestically and grow further internationally.

Tarek Khalifé
Chairman



Before highlighting Creditbank's main performances in 2015, I would like to outline the difficult environment the Lebanese banking sector had to operate in last year.

Lebanon in 2015 continued to be plagued by a political stalemate that has resulted in a two-year absence of an elected president and an overall stagnation of the national economy.

The country furthermore suffered from a gridlock in public administration, which last year produced the worst of failures in providing basic services: that of nationwide garbage collection.

In addition, the presence of an underserviced and ever growing population of Syrian refugees continues to bear down on an already frail state of affairs in terms of national health care and public housing.

Finally, the banking environment has been subject to a series of radical and rigorous operational and behavioral shifts, varying from tighter regulations on cross-border trade and transfers to political upheavals in regional markets that traditionally produce a large amount of remittances to the Lebanese economy.

Although the predicament in general has negatively affected the banking sector's financial results, it is a law of nature that macroeconomic threats also present opportunities to the few that prove fittest.

Banks that have engineered a business model focusing on private enterprise rather than the government have been affected less than others. Moreover, banks with conservative and advanced policies in terms of governance, risk and compliance (GRC) did not have to drastically modify or realign their practices to comply with tighter regulations.

On the whole, and thanks to the foresighted policies and hands-on supervision of our Central Bank, Lebanon's banks have succeeded in building immunities and solid capacities to face all newly introduced requirements and remain seamlessly integrated within the global financial arena.

In addition, Lebanon's economic fundamentals are sound. In a country looking forward to the domestic revenues from offshore energy resources and the revival of the regional economy, we remain optimists.

Our banking culture and business knowhow remain an integral part of an inevitable future regional renaissance and our human resources are arguably an even more fundamental aspect of the mix.

In short, we truly believe that the only way is up.

It is with this positive certainty that we at Creditbank transcend the immediate turbulence unscathed and face up to the challenging times ahead by seeking an even larger footprint within the Lebanese and regional banking sector.

Creditbank continues to pursue a multichannel business development policy in order to deliver best-in-class services, coined as the 3 E's:

- Expansion: A consistent expansion of our branch network, key operations and services to achieve greater reach and better accessibility.
- Evolution: The development of our digital platforms to deliver a demystified approach to online banking and digital services.
- Enhancement: The reengineering of our services, varying from standard operating procedures to the very morphology of our branches, to optimize the customer's banking experience.

Vision without endeavor remains short, so in testimony to the synergies that have taken hold, the Board of Directors and I would like to congratulate our management teams and staff, as they constitute the very fabric of competitiveness in an overcrowded marketplace, delivering sound results without ever straying from the highest ethical standards we hold ourselves to.

Regarding our financial results, in the past 5 years our balance sheet has grown from USD 1,514 million in 2010 to USD 3,322 million by the end of 2015, a compound annual growth rate (CAGR) of 17%.

Our bottom line has grown from USD 17 million in 2010 to USD 35 million by the end of 2015, while our shareholders' equity in the same period increased from USD 140 million to USD 279 million, a CAGR of 16% and 15% respectively.

The consistent annual growth recorded in our financial results echoes the deeply rooted consistency with which we have nurtured our business culture. Our raison d'être as a private sector enabler is clear among all internal and external stakeholders.

So it follows, that the matrix of parameters guiding our behavior is first and foremost customer centric. Professionalism, efficiency, reliability, simplicity, transparency, innovation and confidentiality are key attributes.

Our emphasis on customer centricity was further strengthened by the introduction of our New Generation Branches, which feature a revolutionary interior design that accentuates customer comfort and technological innovation in an equal manner.

The one-on-one pods provide clients with an enhanced level of privacy, smooth and efficient transactions and customized advisory services.

Over the years, Creditbank has come to be recognized as the go-to bank for value-added SME and corporate banking, as well as innovative and efficient retail banking.

We furthermore find ourselves regarded as a recruiter of choice by Lebanon's top career minded. To us, this is yet another token of success, as our business is so much more about people than it is about numbers.

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MAIN FINANCIAL INDICATORS

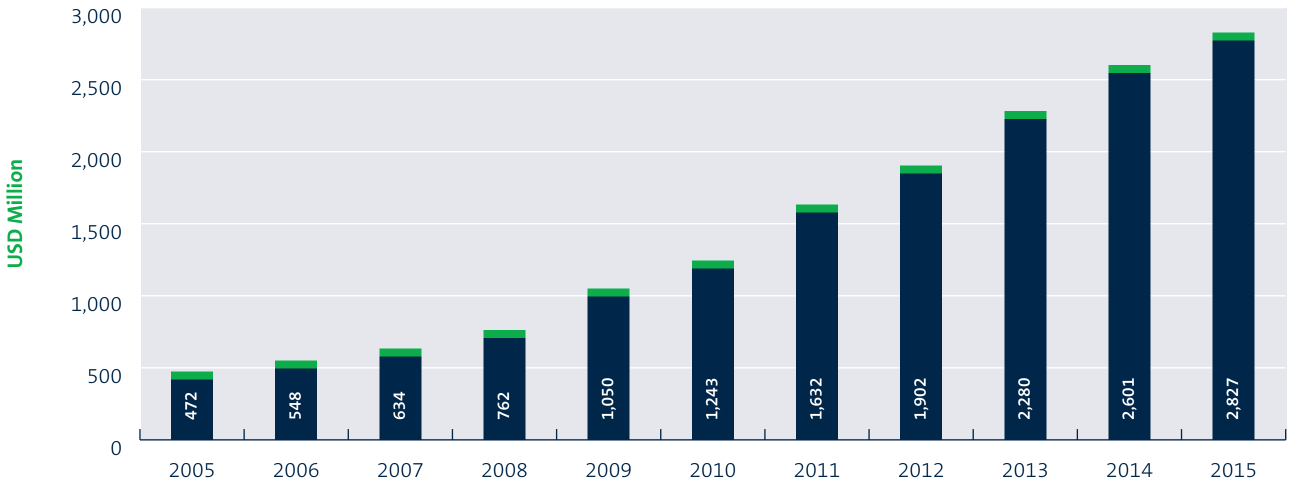
USD MILLION	2015	2014	2013	2012
Main Financial Indicators				
Total Assets	3,322	3,000	2,643	2,219
Customer Deposits	2,827	2,601	2,280	1,902
Net Loans	1,684	1,481	1,298	1,081
Net Liquid Assets	1,334	1,236	1,162	946
Shareholders' Equity	279	210	207	170
Total Operating Income	115	95	76	71
Net Profit	35	26	18	16
EBITA	57	42	28	27
Number of Branches (Local)	23	22	19	18
Number of Branches (Abroad)	19	15	14	14
Number of ATM's (Local)	44	43	37	35
Number of ATM's (Abroad)	64	64	55	47
Number of Employees (Local)	545	508	465	434
Number of Employees (Abroad)	529	508	404	479
Profitability & Efficiency Ratios (%)				
ROAA	1.12%	0.91%	0.75%	0.79%
ROAE	14.40%	12.36%	9.62%	10.15%
Leverage Multiplier	12.92	13.51	12.89	12.85
Spread	2.13%	1.97%	1.96%	1.81%
Net Interest Margin	2.38%	2.23%	2.26%	2.13%
Cost / Income	52.67%	58.70%	67.45%	66.15%
Assets Quality Ratios (%)				
Gross Non Performing loans / Gross Loans	6.48%	4.02%	4.81%	2.45%
NPL Provisions / Non Performing Loans	46.85%	59.06%	33.62%	52.65%

	2015	2014	2013	2012
Liquidity & Funding Ratios (%)				
Net Loans / Assets	50.70%	49.36%	49.12%	48.70%
Customer Deposits / Assets	85.09%	86.70%	86.27%	85.72%
Net Liquid Assets / Assets	40.16%	41.20%	43.95%	42.64%
Net Loans / Customer Deposits	59.59%	56.93%	56.94%	56.81%
Capital Adequacy Ratios (%)				
Total Capital Adequacy Ratio (CAR)	12.79%	10.45%	11.04%	10.44%
Equity / Total Assets	8.41%	7.01%	7.85%	7.65%
Internal Capital Growth	11.87%	10.36%	5.34%	6.19%
Growth Indicators (Creditbank)				
% Growth in Assets	10.75%	13.49%	19.12%	17.22%
% Growth in Deposits	8.69%	14.06%	19.88%	16.55%
% Growth in Net Loans	13.75%	14.04%	20.16%	11.74%
% Growth in Shareholders' Equity	32.92%	1.32%	22.23%	13.13%
% Growth in Total Operating Income	20.23%	24.87%	8.14%	-2.03%
% Growth in Net Profit	36.60%	42.27%	11.69%	-29.37%
Growth Indicators (Alpha Group)				
% Growth in Assets	4.76%	9.80%	10.10%	8.40%
% Growth in Deposits	4.55%	8.90%	9.90%	8.40%
% Growth in Net Loans	5.67%	11.20%	15.60%	10.60%
% Growth in Shareholders' Equity	6.13%	11.90%	8.80%	13.00%
% Growth in Total Operating Income	7.10%	9.30%	3.30%	12.90%
% Growth in Net Profit	8.61%	8.90%	0.10%	7.80%

Note: the 2015 Alpha Group growth indicators are unaudited (Source: BANKDATA)

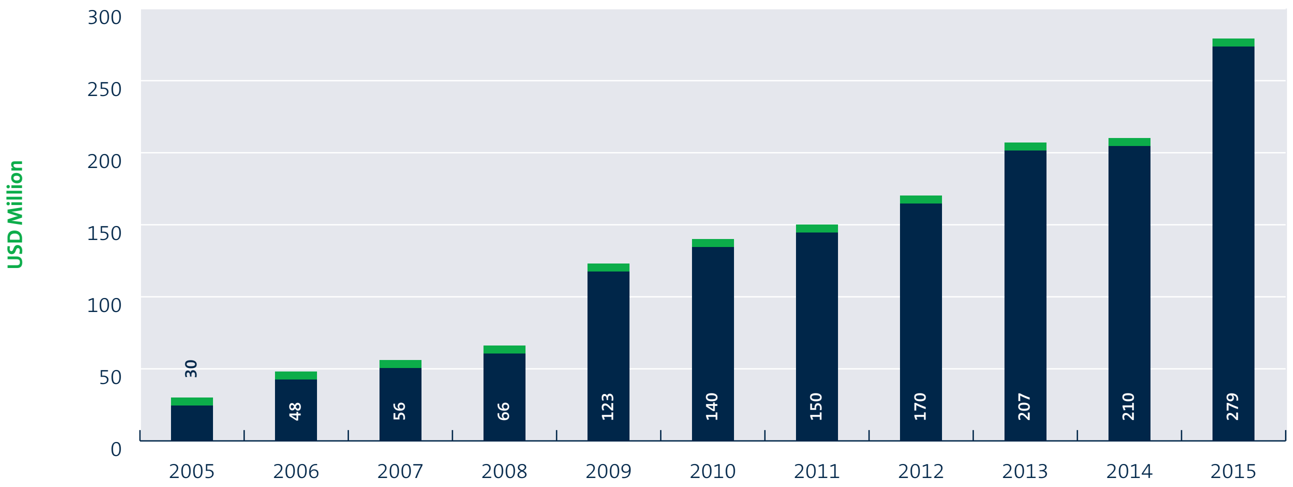
CUSTOMER DEPOSITS

CAGR
19.59%



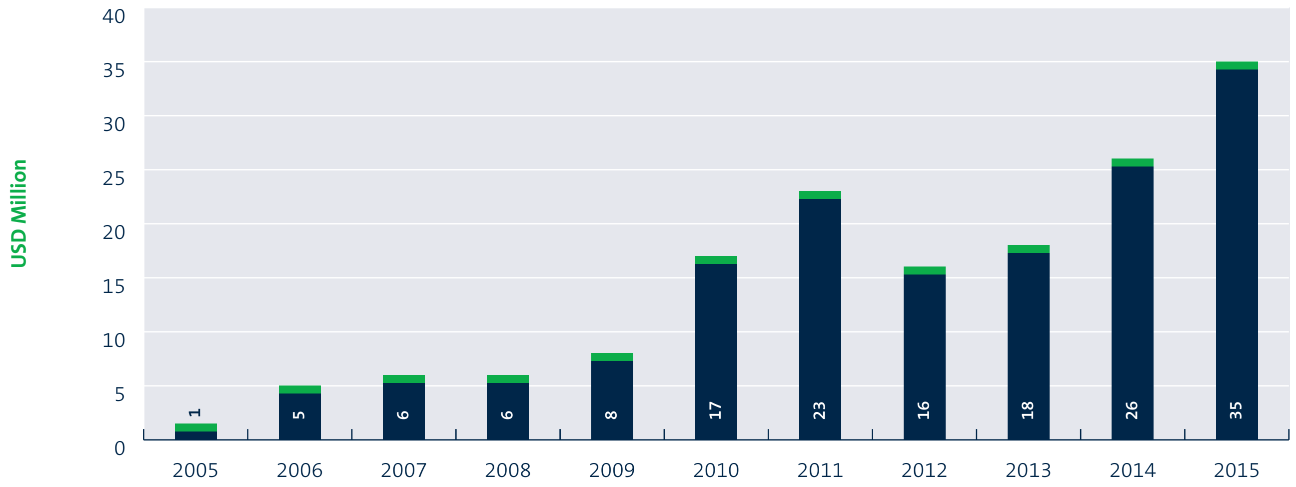
TOTAL EQUITY

CAGR
25.03%



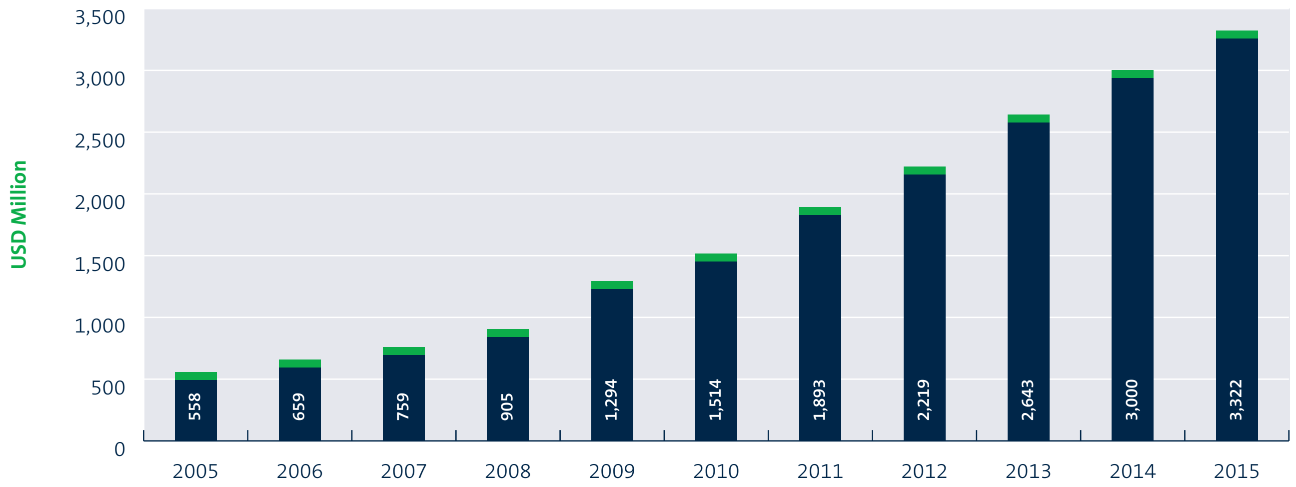
NET PROFIT

CAGR
38.02%



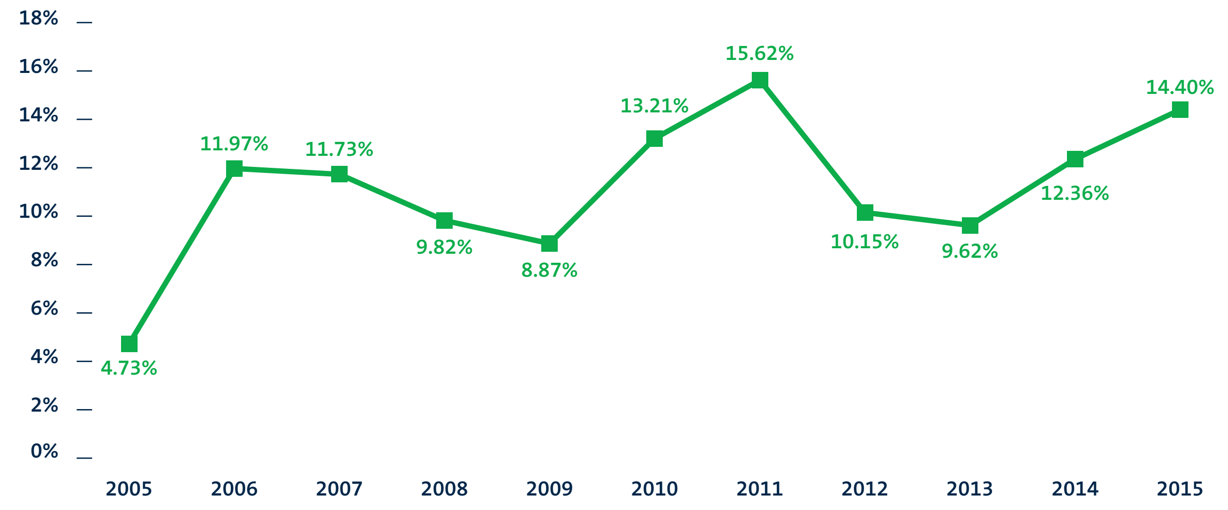
TOTAL ASSETS

CAGR
19.53%

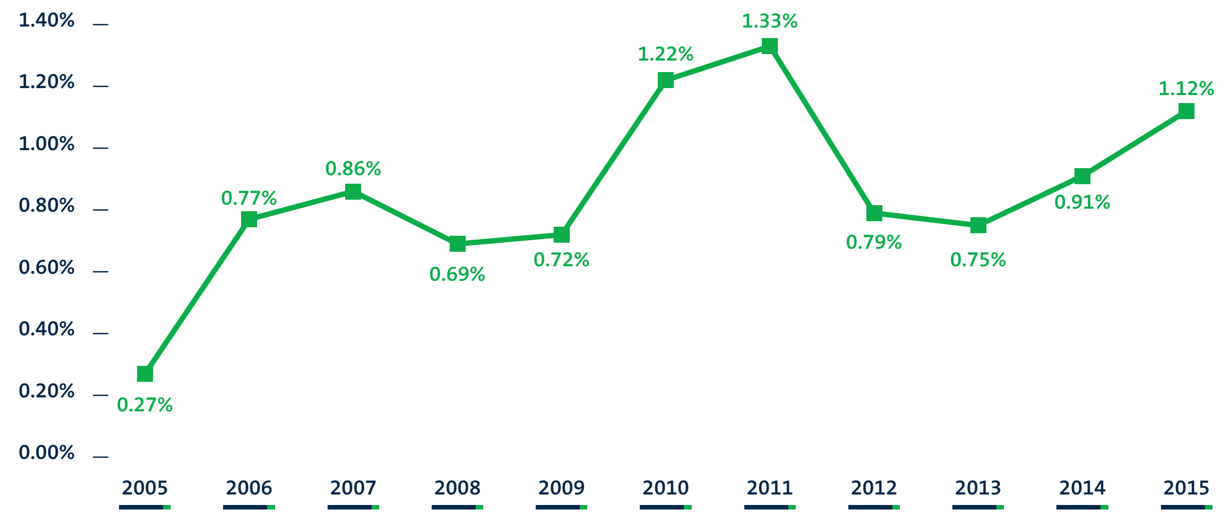


NET LOANS

RETURN ON AVERAGE EQUITY



RETURN ON AVERAGE ASSETS



EXECUTIVE SUMMARY

Despite operating in a challenging working environment, both domestically and abroad, Creditbank in 2015 managed to continue on its path of growth and expansion, recording end-of-year results that ranked well above the average figures presented by fellow Alpha Group banks.

The Bank, among other results, witnessed an increase of 36.6% in net profits and 8.69% in customer deposits, compared to Alpha Group averages of 8.61% and 4.55% respectively.

In addition, Creditbank's overall profitability improved, as illustrated by an increase in Return on Average Assets (ROAA) from 0.91% in 2014 to 1.12% in 2015 and a rise in Return on Average Equity (ROAE) from 12.36% in 2014 to 14.40% in 2015.

The Bank's total assets grew by 10.75% compared to Alpha Group average of 4.76% from USD 3 billion by the end of 2014 to USD 3.3 billion by the end of 2015, mainly due to an increase in net loans and investment securities of 13.8% and 18.7% respectively.

Constituting 50.7% of total assets, net loans in 2015 amounted to nearly USD 1.7 billion, up from USD 1.5 billion in 2014. Representing 19.8% of total assets, investment securities grew from USD 553 million in 2014 to USD 657 million in 2015.

Creditbank further strengthened its reputation as the go-to bank for businesses and Small and Medium Enterprises (SME), as Corporate & SME lending by December 31, 2015, amounted to USD 1.26 billion, which represented no less than 74.8% of net loans, compared to 66.2% by the end of 2014.

Retail lending decreased from 33.8% to 25.2%, mainly due to a reclassification of SME-related loans, which were moved from the retail to the corporate loans portfolio.

Geographically, 80% of the Bank's loans in 2015 concerned Lebanon, while the remainder mainly concerned Europe and the MENA region (19%). The latter, however, witnessed a remarkable 51.7% increase in 2015.

The biggest share of Creditbank's loan portfolio by the end of 2015 was qualified as good loans, while 22% was defined as watch loans and 3.8% as substandard or doubtful loans, which is a reflection of the Bank's emphasis on good governance and sound risk management.

Deposits from customers and related parties represent the main source of the Bank's funding, as they constituted 85.2% and 86.7% of total assets in 2015 and 2014 respectively.

Total deposits increased from USD 2.6 billion by the end of 2014 to USD 2.8 billion by the end of 2015, mainly due to a 28.1% growth in term deposits. Constituting 45.6% of total deposits, term deposits amounted to nearly USD 1.3 billion on December 31, 2015.

The share of deposits in foreign currencies was 58.4% in 2015 compared to 59% in 2014, while deposits in Lebanese pounds stood at 41.6% by the end of 2015, compared to 41% by the end of 2014.

True to its belief that a bank should primarily operate as a private sector enabler, Creditbank's loan-to-deposit ratio increased from 56.93% in 2014 to 59.59% in 2015 – one of the highest within the Alpha Group and Lebanon's banking sector as a whole. The Bank's net loans to assets ratio increased from 49.36% in 2014 to 50.7% in 2015.

Creditbank in 2015 realized a net income after tax of USD 35 million compared to USD 26 million in 2014. Total interest income amounted to USD 220 million by the end of 2015, compared to USD 191 million by the end of 2014, which represented a rise of 15.3%.

Interest income from loans and advances to customers and related parties amounted to USD 143 million in 2015 compared to USD 124 million in 2014, a year-on-year increase of 15.6%.

Interest income from investment securities amounted to USD 50 million by the end of 2015 compared to USD 39 million by the end of 2014, an increase of 27.9%.

Due to the growth in customer deposits, the Bank's interest expense in 2015 amounted to USD 148 million, compared to USD 130 million in 2014, reflecting a year-on-year increase of 13.5%.

Finally, Creditbank by the end of 2015 had a staff of 1074 employees worldwide, of whom 545 were based in Lebanon and 529 in its foreign subsidiaries in Russia and Armenia.

The Bank had a network of 23 branches and 44 ATMs spread across Lebanon, while it had 19 branches abroad, 15 of which situated in Armenia and 4 in Russia.

The Bank's overall expansion was reflected in the growth of its operating costs. Personnel and administrative expenses in 2015 amounted to USD 33 million and USD 24 million respectively, compared to USD 30.1 million and 22.8 million respectively by the end of 2014.

Personnel charges and administrative expenses consisted 54.8% and 40.2% of the Bank's total operating cost respectively, compared to 53.9% and 40.8% respectively in 2014.

The latter is also a reflection of the Bank's emphasis on outstanding customer service. In 2015, Creditbank persisted in the introduction of new and renovated branches that effortlessly blend the latest technological innovations with a focus on personalized banking.

The one-on-one pods, for example, allow for even more privacy, while the state-of-the-art waiting lounge and queuing system make banking an altogether more pleasant experience.

Regarding the years ahead, Creditbank aims to further strengthen its reputation as Lebanon's leading business bank and enhance its already varied range of retail products to expand its growing client base and, ultimately, to satisfy all of its stakeholders both in Lebanon and abroad.

ECONOMIC OVERVIEW

Amidst a region in turmoil and political uncertainty at the domestic front, Lebanon's economy in 2015 once again displayed a remarkable resilience by recording a modest growth. Most real economy indicators were down, yet aided by the Lebanese Central Bank's (BDL) strict monetary policy and USD 1 billion stimulus package, GDP growth remained positive, measuring less than 1% by the end of 2015. Inflation remained close to zero and the national currency managed to hold its ground.

The banking and financial sector has long been the backbone of the Lebanese economy. Despite the many challenges in 2015, banking activities within the country grew by some 6%. The banks' combined total assets by the end of 2015 exceeded USD 185 billion, while total deposits increased by some 5% to reach a record USD 159 billion. The banks' outstanding loans registered a 6.4% growth with credit to the private sector surpassing the USD 55 billion mark in December 2015.

According to the Association of Lebanese Banks (ABL), Lebanon's financial sector by the end of 2015 comprised 69 banks, including 16 investment banks, with a combined network of 1060 branches across the country, while 18 Lebanese banks also had a presence abroad. The sector employed a highly educated workforce of 24,638 people, 76% of whom possessed a university degree.

Founded in 1963, BDL is an independent public entity that is entrusted with, among other tasks, protecting Lebanon's monetary and economic system and safeguarding a smooth sailing and sound reputation of the country's banking sector. The BDL Compliance Unit ensures proper compliance with rules and regulations among the many BDL departments and Lebanon's dozens of banks and other financial institutions.

On the initiative of BDL, the Lebanese parliament in late 2015 passed three laws dealing with international cooperation to fight tax evasion, money laundering and the regulation of trans-border cash movements. The parliament furthermore approved Lebanon's adherence to the UN's 1999 International Convention for the Suppression of the Financing of Terrorism.

In terms of capitalization, all Lebanese banks have long exceeded the minimum requirements set by Basel III, the global regulatory framework regarding capital adequacy and market liquidity that was agreed upon in Switzerland in 2010/2011.

In addition, to promote the Lebanese economy and generate job opportunities, BDL introduced a stimulus package worth nearly USD 1.5 billion in 2013: a scheme of low cost credit incentives provided to the private sector through Lebanese banks, which proved a great success to keep the economy afloat. BDL in 2014 and 2015 again injected nearly USD 1 billion annually.

The sectors that benefitted most include tourism, agriculture, information technology, real estate, industry and handicrafts. Loans were especially granted to aid small and medium-sized enterprises.

The success of the BDL stimulus packages notwithstanding, the Lebanese economy in 2015 continued to suffer. Domestic demand was indolent, while foreign demand further contracted. Public finances remained a challenge. According to figures released by the Ministry of Finance, public revenues in 2015 declined by 12% to amount to nearly USD 9.6 billion, as expenditures dropped by 3% to reach USD 13.5 billion. The public deficit grew by 28.6% annually.

Lebanon's gross public debt by the end of 2015 amounted to USD 70.3 billion, which represented a 5.6% increase compared to the year prior to that. The country's net public debt stood at USD 61.5 billion by year's end. Lebanese banks owned 41.8% of total subscriptions of government-issued treasury bills and bonds.

Lebanon's trade deficit contracted by 12.04% to amount to USD 15.1 billion by the end of 2015, a decrease mainly due to the fall in international oil prices. Exports registered a 10.7% decline to amount to USD 2.95 billion.

Lebanon's main imports concern mineral items (19%), machinery and electrical equipment (11%) and chemical products (10.7%). China, Italy and Germany are the country's leading trading partners. Beverages and prepared foodstuffs (16.3%) top the list of exported items, followed by machinery and electrical equipment (14%) and chemical products (13.9%). Saudi Arabia, United Arab Emirates and Iraq are the main export destinations.

The tourism sector witnessed a slight improvement in 2015, as the total number of foreign visitors increased by 12% to reach 1.52 million. It represents the highest tourist influx since 2011, although it is still a far cry from 2010 when over 2 million people flocked to the country. Most tourists are European (33.3%) and Arabs (31.7%).

Real estate transactions in 2015 amounted to 82,790 by the end of the year, which represented a 5.4% annual decline compared to 2014. Total value was USD 8.41 billion, which represented a 13.4% decrease compared to the previous year.

Finally, remittances, which represent a significant part of Lebanon's national income, recorded a slight decrease of 3.3% to amount to USD 7.3 billion by the end of 2015. Following a drop of 8.4% in 2014 and an increase of 21.2% in 2013, the World Bank expects remittances to continue to drop, as oil prices are likely to remain low, which negatively impacts the many Lebanese working in the Gulf region and curbs their money transfers back home.

While Lebanon no doubt finds itself in stormy weather, due mainly to the extraordinary circumstances in the region, the future outlook remains positive. BDL's policies and incentives have proven successful tools. On the long term, potential offshore hydrocarbons could prove a treasure in disguise.

MENA Region

Economic growth in the Middle East and North Africa (MENA) region remained unchanged at 2.5% in 2015. The Syrian war continued to affect national economies across the region. Due to the low oil price, growth slowed significantly in most oil-exporting countries. Conflict worsened the situation for countries such as Libya.

Iraq on the other hand managed to expand oil production. Despite the low oil price and the conflicts in many parts of the MENA region, economic growth is forecasted to amount to over 5% in the near future, due mainly to the rehabilitation of the Islamic Republic of Iran.

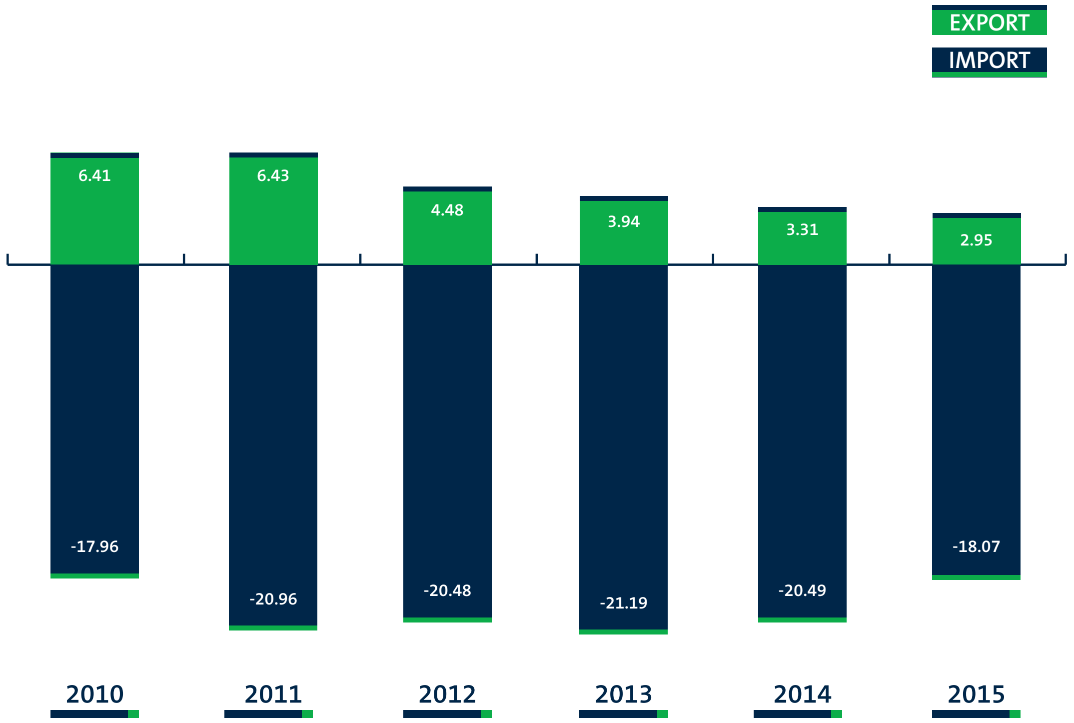
Armenia

Armenia's economic growth in 2015 slowed to 3%, according to figures released by the World Bank. The country is largely dependent on the struggling Russian economy and as a consequence suffers from reduced exports and remittances. Growth in 2015 was stronger than expected due to a rich agricultural harvest and the opening of a major copper mine. The Armenian government furthermore introduced a fiscal stimulus package of tax relief and increased spending to support the economy. As a result, the country's public debt increased from 43.6% in 2014 to 47.8% by the end of 2015. Overall, the Armenian banking sector delivered a sound performance, even though the number of non-performing loans increased from 3.7% to over 9%.

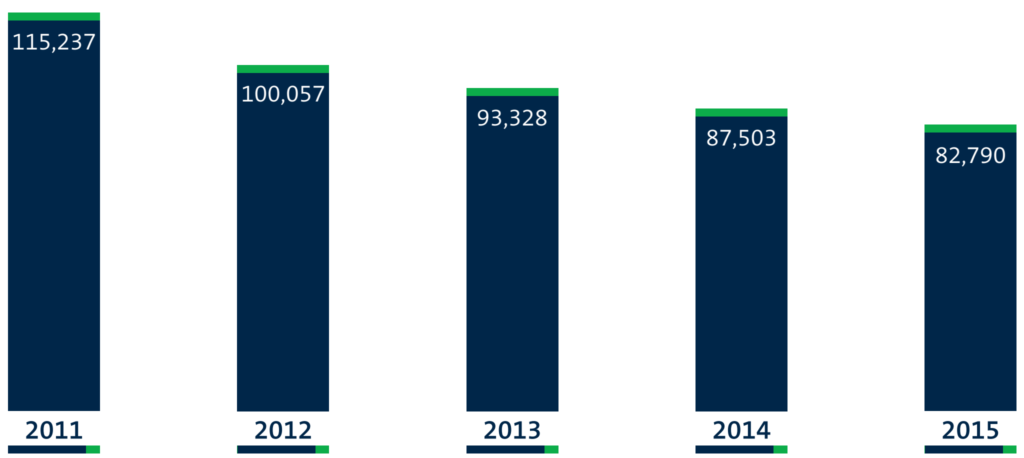
Russia

As low oil prices and international sanctions take their toll, the Russian economy continued to fall, recording its steepest decline in GDP growth since 2009. The International Monetary Fund forecasts Russian GDP to further decrease by 1% in 2016 before a return to growth. The recession has hit consumers hard. Inflation reached 12.9% last year, producing a 9.5% decline in real wages. Retail sales shrank by about the same amount.

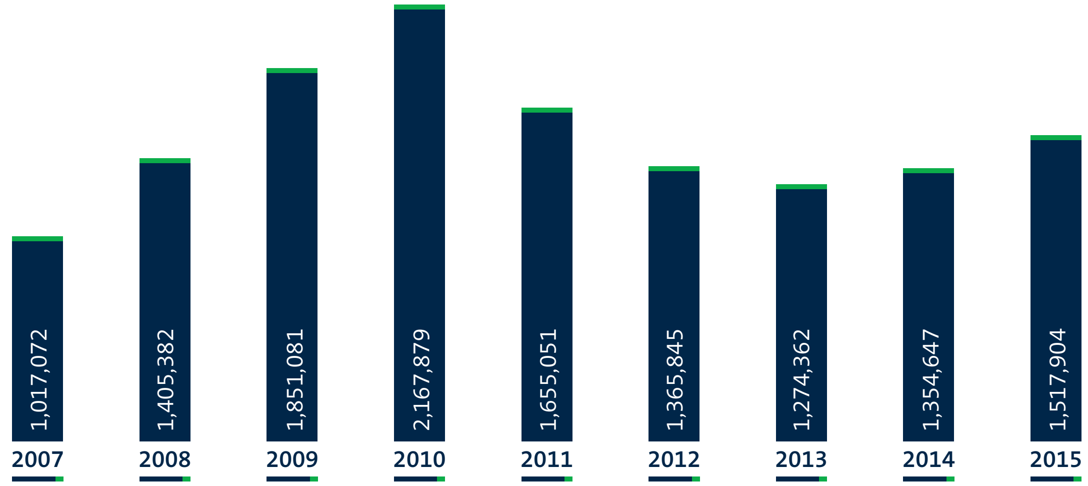
IMPORT/ EXPORT/ ANNUAL TRADE DEFICIT



TOTAL NUMBER OF REAL ESTATE TRANSACTIONS BY YEAR



NUMBER OF FOREIGN VISITORS BY YEAR



THE LEBANESE BANKING SECTOR AT A GLANCE (2015)

Number of Lebanese banks:	69 (incl. 16 investment banks)
Number of branches in Lebanon:	1060
Number of correspondent banks:	183 in 64 countries
Total workforce in Lebanon:	24,638
Total assets:	USD 185bn
Total deposits:	USD 159bn
Total credit to private sector:	USD 55bn

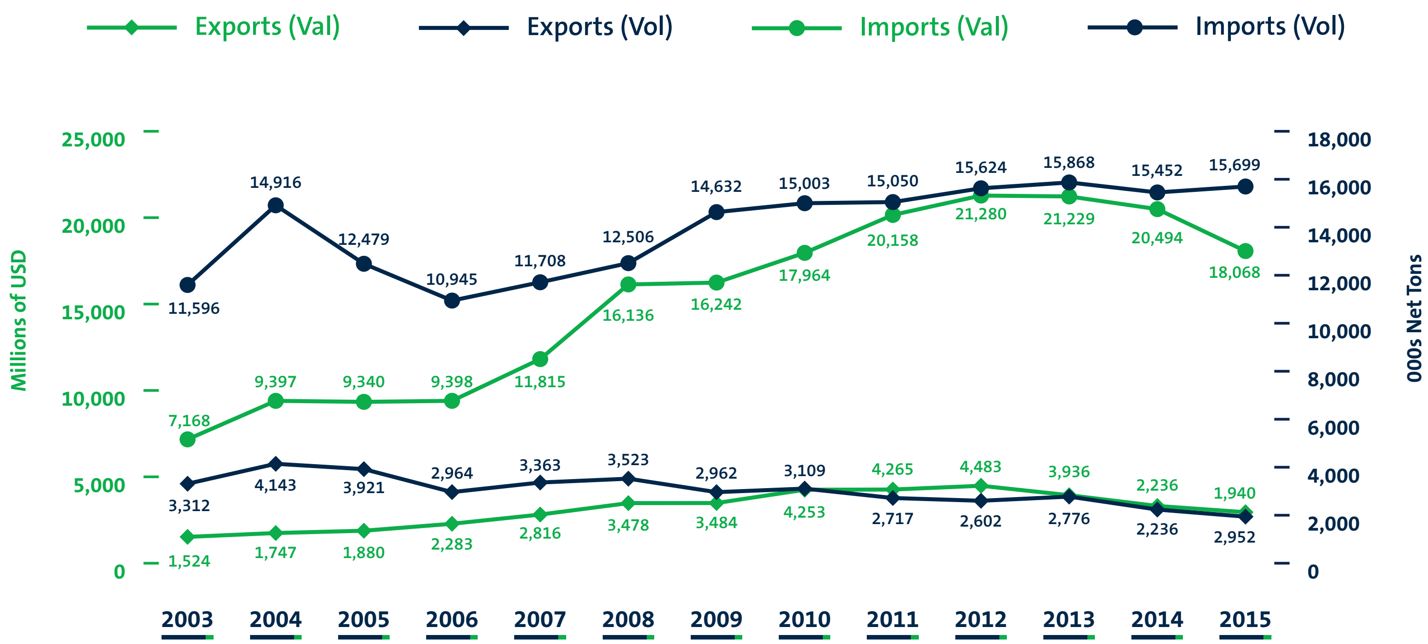
ANNUAL IMPORT AND EXPORT BY VALUE (MILLIONS OF USD)

	Imports (Val)	YoY% Growth	Exports (Val)	YoY% Growth	TRADE DEFICIT	YoY % Growth	TRADE AGGREGATE	YoY% Growth
2003	7,168	-	1,524	-	(5,644)	-	8,692	-
2004	9,397	31.1%	1,747	15%	(7,650)	35.5%	11,144	28.2%
2005	9,340	-0.6%	1,880	8%	(7,460)	-2.5%	11,220	0.7%
2006	9,398	0.6%	2,283	21%	(7,115)	-4.6%	11,680	4.1%
2007	11,815	25.7%	2,816	23%	(8,999)	26.5%	14,632	25.3%
2008	16,136	36.6%	3,478	24%	(12,658)	40.7%	19,614	34.1%
2009	16,242	0.7%	3,484	0.2%	(12,758)	0.8%	19,726	0.6%
2010	17,964	10.6%	4,253	22%	(13,711)	7.5%	22,217	12.6%
2011	20,158	12.2%	4,265	0.3%	(15,893)	15.9%	24,424	9.9%
2012	21,280	5.6%	4,483	5.1%	(16,797)	5.7%	25,763	5.5%
2013	21,229	-0.2%	3,936	-12.2%	(17,293)	3.0%	25,165	-2.3%
2014	20,494	-3.5%	3,313	-15.8%	(17,181)	-0.6%	23,807	-5.4%
2015	18,068	-11.8%	2,952	-10.9%	(15,116)	-12.0%	21,020	-11.7%

ANNUAL IMPORT AND EXPORT BY VOLUME (1,000s OF NET TONS)

	Imports (Val)	YoY% Growth	Exports (Val)	YoY% Growth	TRADE DEFICIT	YoY % Growth	TRADE AGGREGATE	YoY% Growth
2003	11,596	-	3,312	-	(8,285)	-	14,908	-
2004	14,916	28.6%	4,143	25%	(10,773)	30.0%	19,058	27.8%
2005	12,479	-16.3%	3,921	-5%	(8,558)	-20.6%	16,400	-13.9%
2006	10,945	-12.3%	2,964	-24%	(7,980)	-6.8%	13,909	-15.2%
2007	11,708	7.0%	3,363	13%	(8,344)	4.6%	15,071	8.4%
2008	12,506	6.8%	3,523	5%	(8,983)	7.7%	16,028	6.4%
2009	14,632	17.0%	2,962	-15.9%	(11,670)	29.9%	17,593	9.8%
2010	15,003	2.5%	3,109	5%	(11,894)	1.9%	18,113	3.0%
2011	15,050	0.3%	2,717	-12.6%	(12,332)	3.7%	17,767	-1.9%
2012	15,624	3.8%	2,602	-4.2%	(13,022)	5.6%	18,226	2.6%
2013	15,868	1.6%	2,776	6.7%	(13,092)	0.5%	18,644	2.3%
2014	15,452	-2.6%	2,236	-19.5%	(13,216)	0.9%	17,688	-5.1%
2015	15,699	1.6%	1,940	-13.2%	(13,759)	4.1%	17,639	-0.3%

ANNUAL IMPORTS AND EXPORTS (VALUE AND VOLUME)



GENERAL PROFILE

Creditbank, established in 1981, is one of Lebanon's leading and fastest growing banks. Having carved out a solid presence in Lebanon and abroad, the Bank earned the country's prestigious Alpha status when deposits in 2013 surpassed the USD 2 billion mark. Currently, only 14 out of Lebanon's 53 commercial banks are considered Alpha Banks.

Creditbank was founded as "Crédit Bancaire" by Joseph Khalifé and Fouad Zoghby. Despite the years of strife and political turmoil Lebanon went through, they strongly believed in the country's aptitude to retake its position as the Middle East's main banking hub.

The strategic vision adopted by the Bank and its commitment to growth in 2002 resulted in the acquisition of Credit Lyonnais s.a.l., which triggered the name change to Creditbank s.a.l.

Ever since, Creditbank has continued to expand. In 2013, the Bank finalized the full acquisition of the Armenian Anelik Bank CJSC and its subsidiary CB Anelik RU LLC in Russia. Having opened its latest branch in Badaro Beirut in 2015, Creditbank's network includes 23 branches spread across Lebanon, as well as 2 subsidiaries with 19 branches abroad. The Bank's total workforce stands at 1,074 staff members, of whom 545 are located domestically and 529 abroad.

In 2015, with a shareholders' equity of USD 279 million, Creditbank saw assets and deposits grow by 10.8% and 8.7% respectively whilst the average 2015 growth rate among Alpha Banks amounted to 4.8% for assets and 4.6% for deposits.

Utterly convinced that the primary economic role of a bank in society is to serve as a catalyzer for the market and private sector, Creditbank with 59.59% boasts one of Lebanon's highest loan-to-deposit ratios. Nearly 75% of loans were extended to enterprises and entrepreneurs.

Creditbank's expertise spans all traditional and emerging banking activities, varying from Retail and Commercial Banking to Specialized Finance and Investment Banking. The Bank has a solid reputation for specialized advisory and consultancy services and has always played a pioneering role in introducing cutting-edge technologies in parallel with tailor-made retail products and services.

The solid and rapid growth along with the revamp of its corporate identity have positioned Creditbank more distinctly within Lebanon's highly competitive financial market.

Creditbank's identity is made up of two main pillars: first, the ability to listen and understand people's ever changing needs in an ever changing market; second, the ability to act in a manner that is both personal and professional in order to establish long-term partnerships.

In addition, Creditbank's rejuvenated corporate identity was reinforced by the revolutionary interior design and intelligent workflow concept, first introduced in its branches in early 2014. Entirely based on the concept of customer centricity, Creditbank's new generation branches have a mutual emphasis on customer comfort and technological innovation, two major components of the Bank's DNA.

On the one hand, the fully digitalized waiting lounge and intelligent queuing system make banking a seamless and pleasant experience, while the Bank's one-on-one service pods provide clients with an enhanced level of privacy and efficiency. On the other hand, Creditbank's customers are able to carry out 75% of their daily transactions through the Bank's 24/7 smart ATMs.

Finally, Creditbank has always been committed to the highest standards of business ethics, integrity, transparency and customer protection, as embodied in its corporate governance framework, and actively pursues a policy of support for various social activities, particularly in the field of health, youth, and education.

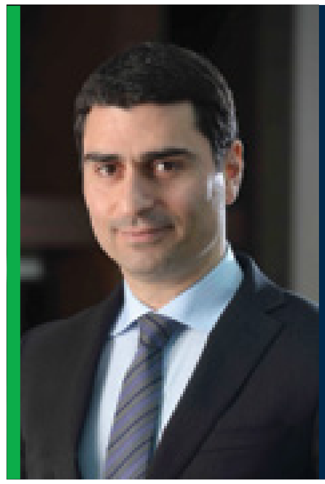
CORPORATE GOVERNANCE

BOARD OF DIRECTORS

MR. TAREK JOSEPH KHALIFÉ

CHAIRMAN AND GENERAL MANAGER

Holding a bachelor's degree in Civil Engineering and a master's degree in Business Administration, Mr. Khalifé is a major shareholder of the Bank. He was elected as Managing Director to the Creditbank Board in 1994, before becoming Chairman and General Manager in 2004. Mr. Khalifé heads the Executive & Investment Committee and Corporate Governance Committee. He is also a Board Member at Anelik Bank and CB Anelik RU LLC, Creditbank's Armenian and Russian subsidiary respectively.



MR. FREDDY ZRAICK

GENERAL MANAGER AND BOARD MEMBER

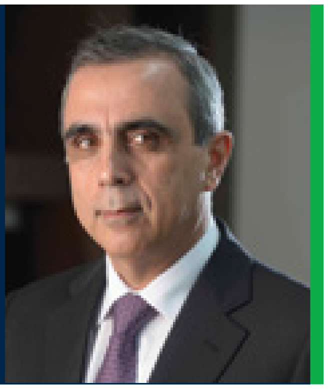
Representing Holfiban s.a.l Holding, Mr. Zraick is a member of two board committees, presides over several management committees and is Chairman of Credex SAL, Creditbank's subsidiary and exclusive insurance brokerage firm. With a bachelor's degree in Economics, Mr. Zraick spent years working in the local banking industry before joining Creditbank as head of Corporate Banking and Small & Medium Enterprises. He was appointed General Manager in 2009 and has been a member of the Bank's Executive & Investment Committee since 2008. Mr. Zraick is also a Board Member at Anelik Bank and CB Anelik RU LLC, Creditbank's Armenian and Russian subsidiary respectively.

BOARD OF DIRECTORS

MR. FADI BARBAR

BOARD MEMBER

Representing the Lebanese holding company Financial Profile s.a.l, Mr. Barbar is a non-executive Board Member. He holds a degree in Business Administration and owns a series of major business interests in Africa. Mr. Barbar furthermore represents Financial Profile s.a.l at the Bank's Board Committees on Audit and on Remuneration.



H.E. Mr. Dimyanos Kattar

INDEPENDENT BOARD MEMBER

A former Lebanese Minister of Finance and Economy, Mr. Kattar was elected as an independent Board Member on June 1, 2007. He is a member of the Board Committee on Corporate Governance, the Board Committee on Remuneration and has chaired the Board Committee on Audit since 2009. Mr. Kattar studied Management and Strategy, as well as Political Economics. He has worked in both the advisory and academic arena, and possesses a wealth of experience in the field of corporate and public governance in the Arab World.

MRS. MARIA KHALIFÉ-BAZERJI

BOARD MEMBER

Holding a master's degree in Business Administration, Mrs. Bazerji is an executive Board Member, as well as the Bank's Deputy General Manager in charge of Administration. Mrs. Bazerji is furthermore a member of the Bank's Board Committee on Risk Management and several management committees including the Executive and Investment Committee.

DR. HENRI CHAOUL

INDEPENDENT BOARD MEMBER

Holding a PhD in Economics, Dr. Chaoul is an independent Board Member, as well as a member of the Board Committees on Audit and Corporate Governance. He is furthermore Chairman of the Board Committee on Risk Management and the Board Committee on Remuneration. Through his many tenures in financial firms in Europe, Asia, North America and the Middle East, Dr. Chaoul gained in-depth expertise in investment banking, private equity, financial consulting, economic, merger and acquisition analysis.

ME. PAUL HARB

BOARD MEMBER

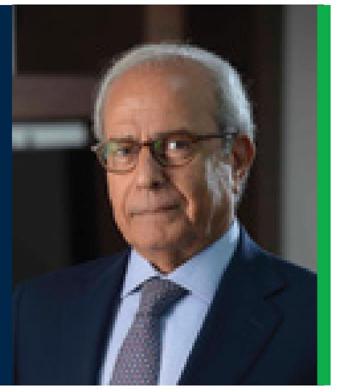
Representing Financial Trust Participation Holding s.a.l, Me. Harb holds an LLB in Private Law and a master's degree in Advanced Private Law. A member of the Beirut Bar Association, Me. Harb joined Creditbank as head of the Legal Department in 2003. Today, Me. Harb is Secretary of the Bank's Board Committees on Corporate Governance and Remuneration, Secretary at the Board of Directors and member of the Executive and Investment Committee. Me. Harb is furthermore a Board Member at Creditbank's Armenian subsidiary Anelik Bank CJSC. In 2012, he became a senior partner at the Abirached Harb Moussa law firm.

CORPORATE GOVERNANCE
CREDITBANK I ANNUAL REPORT 2015
BOARD OF DIRECTORS

ME. RENÉ ABIRACHED

SECRETARY OF THE BOARD

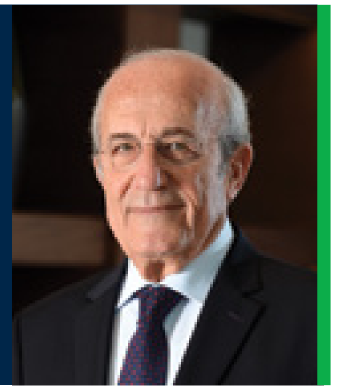
A senior partner at the Abirached Harb Moussa law firm and member of the Beirut Bar Association, Me. Abirached holds a Lebanese and French master's degree in Law. Me. Abirached is "Chargé d'enseignement" of International Private Law and a member of both the International Arbitration Center in Lebanon and the International Penal Law Association. Since 1987, Me. Abirached has acted as Creditbank's legal advisor and as Secretary of the Board of Directors. He is also the secretary of the Bank's Board Committee on Audit.



ME. MAROUN ZEIN

SECRETARY OF THE BOARD

Holding a law degree from Saint Joseph University, Me. Zein has been a member of the Beirut Bar Association since 1962. He is the founder of and a senior partner in Zein Law Firm, which specializes in legal banking matters. Me. Zein has acted as Creditbank's legal advisor since 1985 and as Secretary of the Board of Directors.



CORPORATE GOVERNANCE FRAMEWORK

Creditbank has long been committed to the highest standards of corporate governance as it achieves sound and sustainable growth and meets the demands of all stakeholders involved.

Corporate governance refers to the cohesive system of rules, regulations, best industry practices and internal checks and balances through which Creditbank operates. It ultimately also provides the framework for achieving its strategic objectives and touches every sphere of management.

Regarding the Bank's internal organization, the role of the Board of Directors (the Board) is to provide strategic guidance for the Bank and effective oversight of its senior management. It is responsible for the proper management and financial well-being, ensuring that the interests of shareholders, depositors, creditors, employees and other stakeholders are sufficiently met.

The Board consists of seven members elected for a period of three years by the General Assembly of Shareholders. It consists of executive, non-executive and independent directors. It is common policy for the Assembly to appoint at least two independent board members. Board meetings take place on a regular basis at least eight times a year.

The Board approves the Bank's administrative framework, establishes temporary and permanent management committees and sets the expansion plan regarding new branches.

The Board determines the policy and limits regarding placements, investments, participations and expenditures. It furthermore ensures that the Bank's internal control systems are effective and up to date.

The Board elects the Bank's Chairman from among its members for a maximum period of three years. The Chairman endorses a constructive dialogue between the Board and the Bank's management and exercises, as per applicable laws, the function of General Manager.

However, the Board of Directors systematically appoints a General Manager and confirms consistently the clear separation of executive powers between the Chairman on the one hand, and the General Manager on the other. The Board approves the appointment of all other senior executives within the Bank, including the heads of Internal Audit and Compliance.

The Bank's management committees include:

- Anti-Money Laundering/Counter Financing Terrorism Committee
- Asset Liability Committee (ALCO)
- Committee on Operational Risk Management
- Credit Committee
- Executive and Investment Committee
- Fiduciary Committee
- Follow up Committee for Subsidiaries Abroad
- Human Resources Committee
- Internal Control Committee
- IT and Organization Committee
- Network and Retail Committee
- Non-Performing Loans Committee
- Procurement Committee
- Security Committee

BOARD COMMITTEES

To streamline the decision making process and add efficiency to its supervising role, the Board has established four Board Committees: the Audit Committee, Risk Management Committee, Remuneration Committee and Corporate Governance Committee.

In accordance with the regulations set by the Lebanese Central Bank and Banking Control Commission, the Audit Committee consists of three members. Its task is to review and report the Bank's annual financial results and all other accounting judgments prior to publication.

The Audit Committee furthermore checks the adequacy of the Bank's internal and external controls and reviews the criteria adopted for reporting. The Audit Committee is allowed to obtain any information from the Bank's management.

The Risk Management Committee regularly reports to the Board. It is responsible for constantly reviewing and assessing the Bank's internal risk management strategies.

In accordance with BDL Basic Circular No 33 on remunerations and bonuses granted to bank employees, the Board has established a Remuneration Committee. Composed of three board members, the latter is responsible for establishing a sound remuneration policy and supervises its implementation in accordance with BDL guidelines.

The Corporate Governance Committee consists of four members who ensure and supervise the Bank's commitment to good governance. The Board has adopted the following documents regarding corporate governance: The Corporate Governance Code, the Corporate Governance Guidelines, the Terms of Reference for the Board of Directors and the Code of Ethics and Business Conduct.

Creditbank closely monitors the evolution of corporate governance and banking practices around the world as it continuously seeks to update and upgrade its corporate framework in order to provide what is best for its internal and external stakeholders.

CORPORATE SOCIAL RESPONSIBILITY

Creditbank has been consistently active in making a difference in society through becoming a force for progress and engaging in a diverse number of initiatives over the years as part of an overarching policy of giving back to the community.

2015 has seen the Bank pursue its CSR goals with steadfast purpose, continuing its support for established partners and reaching out to new ones. Children and the young generations, who represent our future, have been given particular attention in addition to other developmental aspects of the community.

Our engagement has included a wide range of initiatives on diverse fronts in the advancement of social wellbeing, among which are the initiatives indicated hereafter.

In regards to the safety of the country's youth, we extended our partnership with the Georges N. Khoriaty Traffic Academy in 2015. The academy seeks to instill ethics and rules of safe driving in generations of 6 to 18-year-old children and adolescents by educating them about in-car and pedestrian safety measures through an accredited integrated and interactive E-learning and simulator-based curriculum.

Our collaboration saw us being involved at all stages of setting up the Traffic Academy Building, as well as donating a Biro car for children and youth to test drive during their academy visits.

Creditbank has joined hands with the "Institut de Rééducation Audio-Phonétique (IRAP)", a center founded in 1960 for the education of hearing impaired children and adolescents. Its multidisciplinary team offers specialized education to 90 hearing impaired children starting from the earliest education stages to the academic level (brevet).

Creditbank assisted in financing the revamping of IRAP's kitchen, a major revenue-generating source critical for the NGO's viability and sustainability.

The refurbished kitchen has increased the IRAP's food making capacity with the aim to covering expenses related to its educational programs.

Our involvement included several visits from our team to the center's premises to follow up on the many phases in the kitchen's makeover and interact with the IRAP family to better understand their educational programs.

Aware of the importance of blood donation and the fact that every donation can save up to 3 lives, we joined hands with Donner Sang Compter (DSC) in different projects throughout the year. DSC is a non-profit, non-governmental organization that raises awareness about voluntary blood donation, provides blood for patients in need through a centralized database of potential donors and organizes frequent blood donation campaigns in partnership with local blood banks.

Our engagement included: setting up a blood donation booth at our headquarters, which allowed Creditbank employees and clients to donate blood; participating in the annual World Blood Donor Day; taking part in the NGO's annual fundraising event; delegating Creditbank team members to partake and run in the BDL Beirut Marathon in the name of DSC for social and humanitarian causes.

Finally, in line with our vision to have our CSR initiatives extend beyond the capital to different areas of Lebanon, Creditbank in cooperation with the Tripoli municipality took part in the renovation of the Mawlawi building. This project is a continuation of previous collaborations with the municipality to restore traditional buildings, all aimed at preserving the Lebanese historical heritage.

Creditbank continues to reinforce its role as a positive force for change and a consistent partner in the pursuit of social progress. 2015 has seen us maintain our previous endeavors as well as take on new commitments, finding partners we trust to help them achieve the development we believe in.

MANAGEMENT NOTES

OVERVIEW

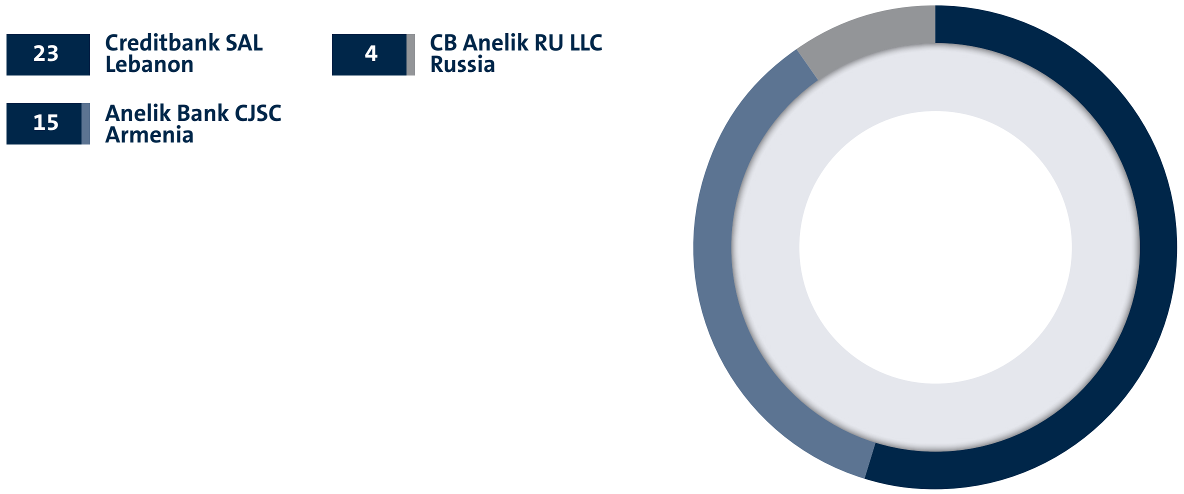
The Group Today

On December 31, 2015, the Group had 1,074 employees worldwide. Creditbank SAL had a network of 23 branches in Lebanon. Anelik Bank CJSC, the Group's 100% owned subsidiary in the Republic of Armenia,, had a total of 15 branches (9 in Yerevan and 6 in other regions of the country). CB Anelik RU LLC, the Group's 100% owned subsidiary in the Russian Federation, had its main branch in Moscow. In addition, the Group owned 99.76% of Credex S.A.L, an insurance brokerage firm, and 99% of the real estate companies Baabda 1587 S.A.L. and Achrafieh 784 S.A.L.

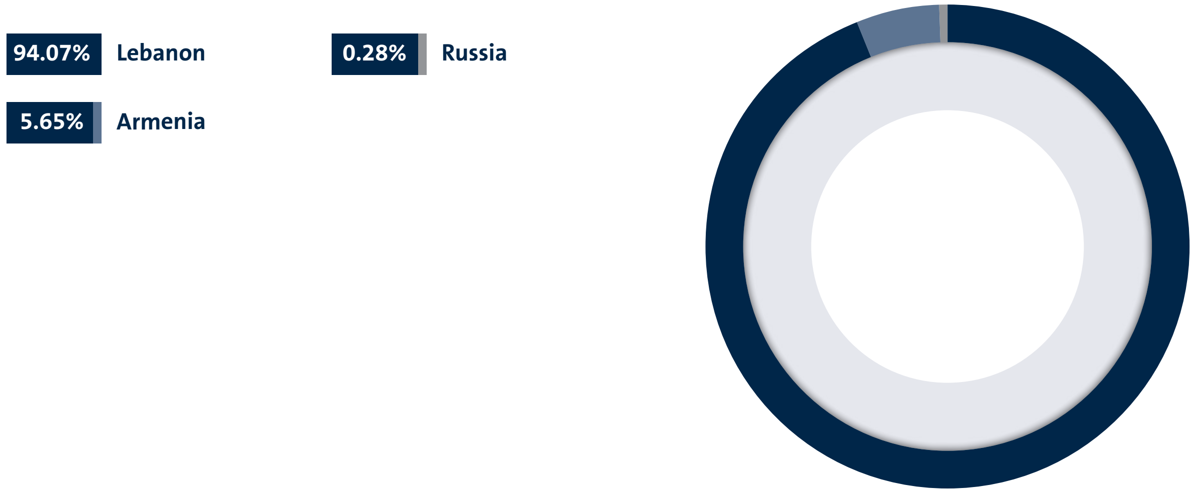
The following discussion covers the performance of the Group during the fiscal year 2015 in comparison with the previous year. The data are based on the Group's audited consolidated financial statements.

All USD amounts found in this section were converted using a LBP 1,507.5 = USD 1 rate.

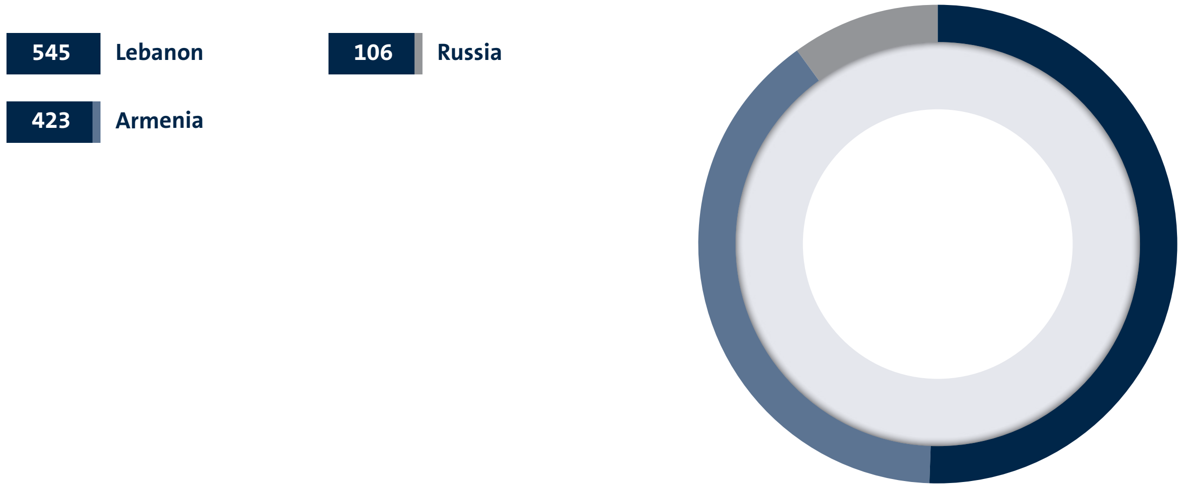
GROUP BANKING BRANCHES



GEOGRAPHICAL DISTRIBUTION OF ASSETS

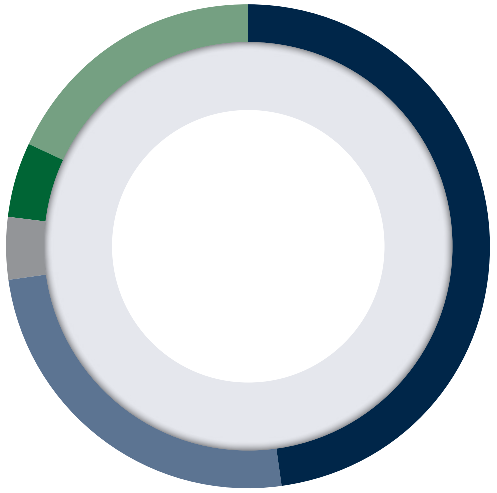


GEOGRAPHICAL DISTRIBUTION OF EMPLOYEES



GEOGRAPHICAL DISTRIBUTION OF ATMS IN LEBANON

48%	Beirut and Suburbs
25%	Mount Lebanon
4%	Bekaa
5%	South Lebanon
18%	North Lebanon



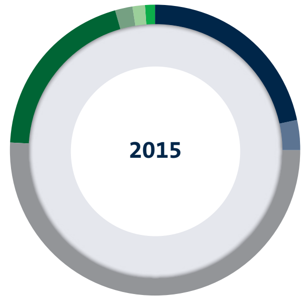
TOTAL ASSETS

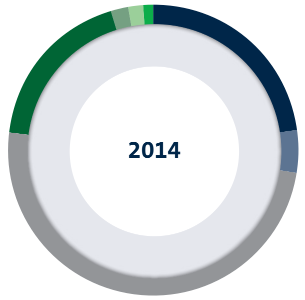
The following table shows the composition of the Group's Total Assets, as well as the percentage of total and percentage changes therein, on December 31, 2015, and December 31, 2014, respectively:

LBP MILLION	2015	% Total	2014	% Total	Growth	% Growth
Cash and Balances with Central Banks	1,086,449	21.7%	1,035,938	22.9%	50,511	4.9%
Banks and Financial Institutions	176,663	3.5%	214,370	4.7%	(37,707)	-17.6%
Net Loans	2,539,247	50.7%	2,232,209	49.4%	307,038	13.8%
Investment Securities	990,389	19.8%	834,041	18.4%	156,348	18.7%
Shares Acquired in Settlement of Debt	89,987	1.8%	83,339	1.8%	6,649	8.0%
Property and Equipment	76,674	1.5%	72,820	1.6%	3,854	5.3%
Other Assets	49,050	1.0%	49,400	1.1%	(350)	-0.7%
Total Assets	**5,008,459**		**4,522,116**		**486,343**	**10.8%**

BREAKDOWN OF TOTAL ASSETS

2015	2014	
21.7%	22.9%	Cash and Balances with Central Banks
3.5%	4.7%	Banks and Financial Institutions
50.7%	49.4%	Net Loans
19.8%	18.4%	Instrument Securities
1.8%	1.8%	Shares Acquired in Settlement of Debt
1.5%	1.6%	Property and Equipment
1.0%	1.1%	Other Assets





The growth in the Group's Total Assets was remarkable, as it reached 10.8% during the year 2015, compared to a 4.8% average assets growth rate recorded by Creditbank's Alpha group peer banks.

Total Assets amounted to LBP 5,008,459 million (USD 3,322 million) on 31/12/2015, up LBP 486,343 million (USD 323 million) from LBP 4,522,116 million (USD 3,000 million) on 31/12/2014.

The growth is best explained by the increase of Net Loans and Investment Securities, which in 2015 recorded growth rates of 13.8% and 18.7% respectively.

Net Loans grew to reach LBP 2,539,247 million (USD 1,684 million) at the end of 2015 compared to LBP 2,232,209 million (USD 1,481 million) at the end of 2014.

Investment Securities increased from LBP 834,041 million (USD 553 million) by the end of 2014 to LBP 990,389 million (USD 657 million) by the end of 2015.

Net Loans constituted 50.7% of Total Assets, followed by Cash and Balances with Central Banks and, Investment Securities, which stood at 21.7% and 19.8% respectively by the end of December 2015, compared to 49.4%, 22.9% and 18.4% respectively at the end of December 2014.

DISTRIBUTION OF LOANS BY BUSINESS SEGMENT

The following table sets out the composition of the Group's loan portfolio as defined by the borrower's business segment, as well as the percentage of total and changes therein, on December 31, 2015, and December 31, 2014, respectively:

LBP MILLION	2015	% of portfolio	2014	% of portfolio	Growth	% Growth
Retail	640,997	25.2%	753,565	33.8%	(112,568)	-14.9%
SME	1,581,614	62.3%	895,799	40.1%	685,815	76.6%
Corporate	316,636	12.5%	582,845	26.1%	(266,209)	-45.7%
Total	**2,539,247**		**2,232,209**		**307,038**	**13.8%**

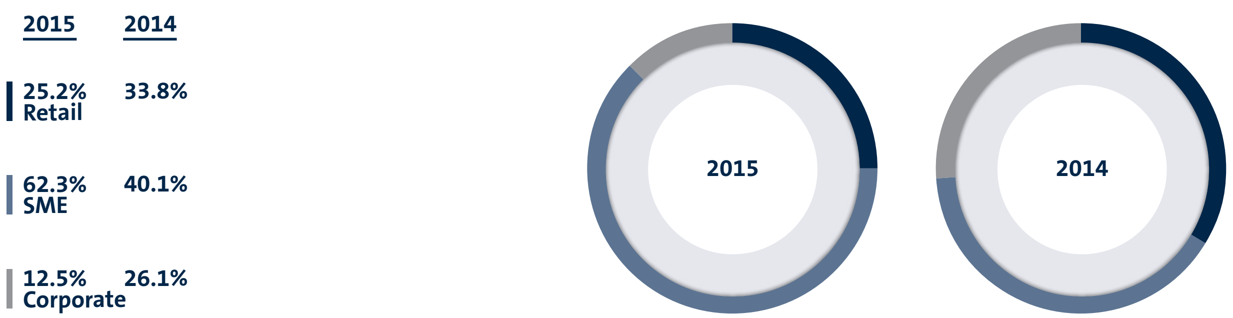
On December 31, 2015, Corporate Lending amounted to LBP 316,636 million (USD 210 million) or 12.5% of total net loans, compared to LBP 582,845 million (USD 387 million) or 26.1% of total net loans on December 31, 2014, reflecting a year-on-year decrease of 45.7%.

SME Lending amounted to LBP 1,581,614 million (USD 1,049 million) or 62.3% of total net loans by December 31, 2015, compared to LBP 895,799 million (USD 594 million) or 40.1% of total net loans on December 31, 2014, reflecting a year-on-year increase of 76.6%.

Retail Lending amounted to LBP 640,997 million (USD 425 million) or 25.2% of total net loans by December 31, 2015, compared to LBP 753,565 million (USD 500 million) or 33.8% of total net loans on December 31, 2014, reflecting a year-on-year decrease of 14.9%.

The decrease of 14.9% related to retail loans and 45.7% related to corporate loans in 2015, is due to the reclassification of some SME-related Loans and Advances, previously classified under the Retail and Corporate portfolios. In 2015, they were reclassified under the SME portfolio following the BDL intermediate circular 396.

DISTRIBUTION OF LOANS BY BUSINESS SEGMENT

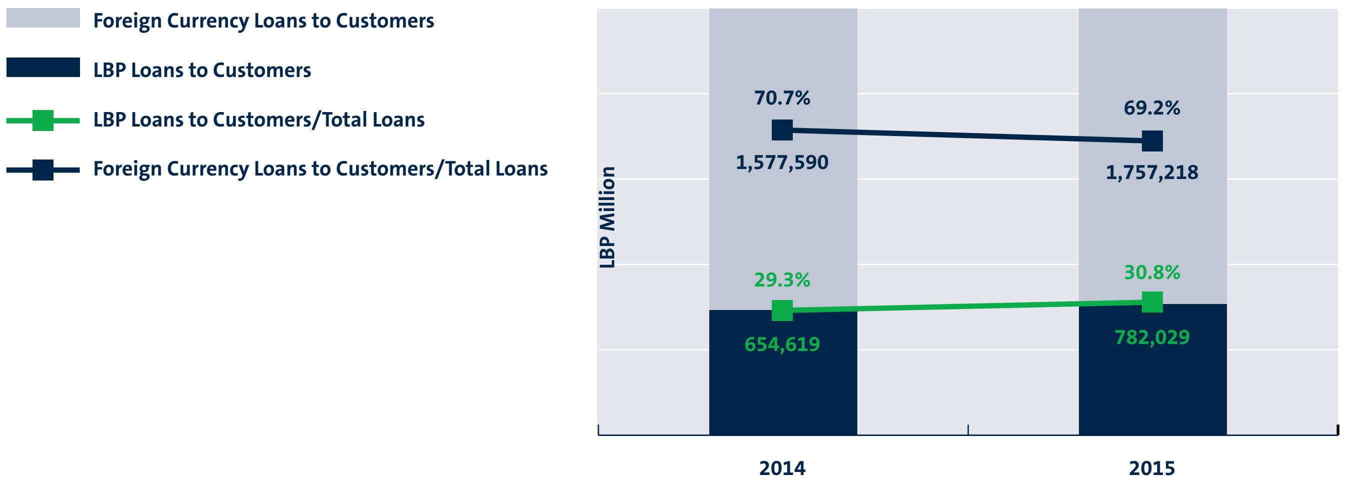


DISTRIBUTION OF LOANS BY CURRENCY

The following table sets out the composition of the Group's loan portfolio by currency, as well as the percentage changes therein on December 31, 2015, and December 31, 2014, respectively:

LBP MILLION	2015	2014	Growth	% Growth
LBP Loans to Customers	782,029	654,619	127,410	19.5%
Foreign Currency Loans to Customers	1,757,218	1,577,590	179,628	11.4%
Total	**2,539,247**	**2,232,209**	**307,038**	**13.8%**

LOANS BY CURRENCY



On December 31, 2015, LBP 782,029 million (USD 519 million) or 30.8% of total loans were denominated in Lebanese Pounds, with the remaining 69.2% denominated in foreign currencies, principally U.S. Dollars, compared to LBP 654,619 million (USD 434 million) or 29.3% of total loans denominated in Lebanese Pounds, with the remaining 70.7% denominated in foreign currencies, principally U.S. Dollars, on December 31, 2014.

Loans in foreign currencies represented 70.6% of total foreign currency customers' deposits as at December 31, 2015, compared to 68.2% as at December 31, 2014.

DISTRIBUTION OF LOANS BY LOCATION

The following table shows the composition of the Group's loan portfolio by geographical location, as well as the percentage of total and percentage changes therein, on December 31, 2015, and December 31, 2014, respectively:

LBP MILLION	2015	% of Total	2014	% of Total	Growth	% Growth
Lebanon	2,030,399	80.0%	1,832,591	82.0%	197,809	10.8%
North America	26,259	1.0%	1,718	0.1%	24,541	1428.5%
Europe	317,382	12.5%	287,369	12.9%	30,013	10.4%
Asia Pacific	268	0.0%	1,934	0.1%	(1,666)	-86.1%
Middle East and Africa	164,713	6.5%	108,597	4.9%	56,116	51.7%
Australia	225	%0.0	-	%0.0	225	N/A
Total Loans	**2,539,247**		**2,232,209**		**307,038**	**%13.8**

By December 31, 2015, 80% of the Group's loan portfolio was based in Lebanon, while 12.5%,6.5% and 1% of loans were granted for use in Europe, Middle East and Africa, and North America respectively.

Loans in Lebanon witnessed a LBP 197,809 million (USD 131 million) increase from LBP 1,832,591 million (USD 1,216 million) by the end of 2014 to LBP 2,030,399 million (USD 1,347 million) by the end of 2015, representing an annual increase of 10.8%.

The loan portfolio in Europe recorded a growth of 10.4% in 2015, increasing by LBP 30,013 million (USD 20 million) from LBP 287,369 million (USD 191 million) by the end of 2014 to LBP 317,382 million (USD 211 million) by the end of 2015.

The portfolio in Middle East and Africa recorded a growth of 51.7% in 2015, increasing by LBP 56,116 million (USD 37 million) from LBP 108,597 million (USD 72 million) by the end of 2014 to LBP 164,713 million (USD 109 million) by the end of 2015.

DISTRIBUTION OF LOANS BY ECONOMIC SECTOR

The following table shows the composition of the Group's loan portfolio by the borrower's economic activity, as well as the percentage of total and changes therein, as at December 31, 2015, and December 31, 2014, respectively:

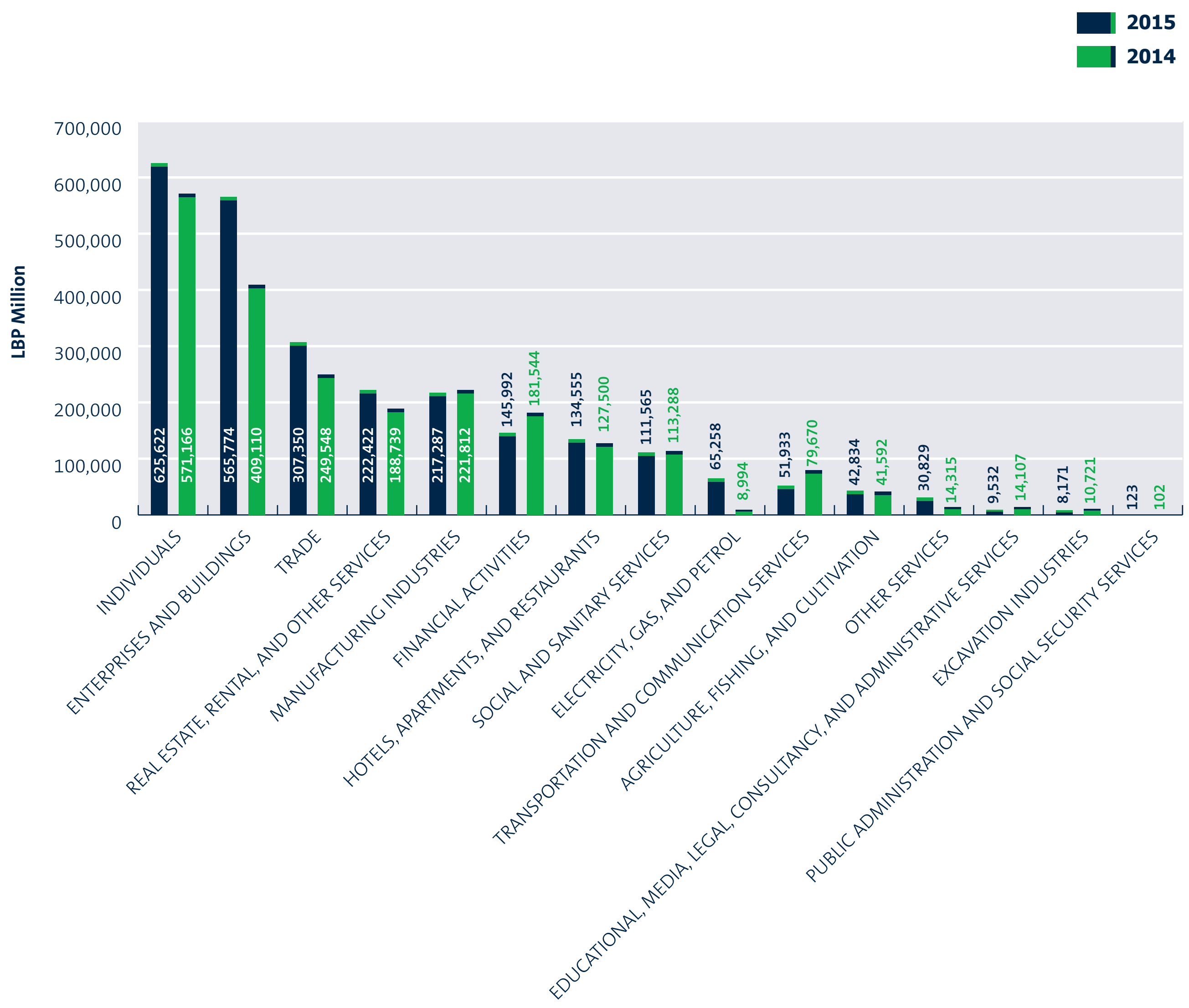
LBP Million	2015	% of Total	2014	% of Total	Growth	% Growth
Individuals	625,622	24.64%	571,166	25.59%	54,457	9.5%
Enterprises and buildings	565,774	22.28%	409,110	18.33%	156,664	38.3%
Trade	307,350	12.10%	249,548	11.18%	57,802	23.2%
Real Estate, rental, and other services	222,422	8.76%	188,739	8.46%	33,683	17.8%
Manufacturing industries	217,287	8.56%	221,812	9.94%	-4,525	-2.0%
Financial activities	145,992	5.75%	181,544	8.13%	-35,552	-19.6%
Hotels, apartments, and restaurants	134,555	5.30%	127,500	5.71%	7,055	5.5%
Social and sanitary services	111,565	4.39%	113,288	5.08%	-1,724	-1.5%
Electricity, gas, and petrol	65,258	2.57%	8,994	0.40%	56,264	625.6%
Transportation and communication services	51,933	2.05%	79,670	3.57%	-27,737	-34.8%
Agriculture, fishing, and cultivation	42,834	1.69%	41,592	1.86%	1,242	3.0%
Other services	30,829	1.21%	14,315	0.64%	16,514	115.4%
Educational, media, legal, consultancy, and administrative services	9,532	0.38%	14,107	0.63%	-4,575	-32.4%
Excavation industries	8,171	0.32%	10,721	0.48%	-2,550	-23.8%
Public administration and social security services	123	0.00%	102	0.00%	21	20.6%
Total	**2,539,247**	**100.00%**	**2,232,209**	**100.00%**	**307,038**	**13.8%**

Enterprises and buildings loans increased to 22.28% of total loans on December 31, 2015, compared to 18.33% on December 31, 2014, reflecting a year on year growth of 38.3%.

The Group's loans concerning trade, real estate, manufacturing industries and financial activities comprised 12.10%, 8.76%, 8.56% and 5.75% of total loans respectively on December 31, 2015, compared to 11.18%, 8.46%, 9.94% and 8.13% of total loans on December 31, 2014.

Electricity, gas, and petrol loans showed a significant growth of LBP 56,264 million (USD 37 million), which represented a six fold increase in 2015. The Group is well aware of the distribution of its loan portfolio among a variety of industries and aims to diversify even more in order to avoid concentration risk.

LOANS BY ECONOMIC SECTOR



GROSS AND NET LOANS

The following tables set out the composition of the Bank's gross and net loans portfolio by loan classification, as well as the percentage of total and percentage changes therein as at December 31, 2015, and December 31, 2014, respectively:

Gross Loans

LBP Million	2015	% Total	2014	% Total	Growth	% Growth
Low fair risk/follow up (1 - 2)	1,890,832	72.3%	1,777,808	77.8%	113,024	6.4%
Watch/Special mention (3)	558,244	21.3%	416,747	18.2%	141,498	34.0%
Substandard (4)	13,122	0.5%	13,359	0.6%	(238)	-1.8%
Doubtful (5)	144,854	5.5%	68,430	3.0%	76,424	111.7%
Bad (6)	11,675	0.4%	10,179	0.4%	1,496	14.7%
Total Gross Loans	**2,618,727**		**2,286,523**		**332,204**	**14.5%**

Net Loans

LBP Million	2015	% Total	2014	% Total	Growth	% Growth
Low fair risk/follow up (1 - 2)	1,883,955	74.2%	1,774,410	79.5%	109,545	6.2%
Watch/Special mention (3)	557,380	22.0%	415,919	18.6%	141,460	34.0%
Substandard (4)	9,874	0.4%	10,602	0.5%	(728)	-6.9%
Doubtful (5)	88,038	3.4%	31,276	1.4%	56,761	181.5%
Bad (6)	1	0.0%	2	0.0%	(1)	N/A
Total Net Loans	**2,539,247**		**2,232,209**		**307,038**	**13.8%**

The above tables indicate the quality of the Group's portfolio of loans. 74.2% of the net loans by the end of 2015 were qualified as good loans and 22% as watch loans, while only 3.8% were qualified as Substandard and Doubtful Loans.

The sustainability of the loans' high quality is a result of the Group's consistent credit policy.

LOANS CLASSIFICATION AND PROVISIONING

The Bank classifies its loan portfolio into six categories in accordance with Central Bank Decision N° 7159 dated November 10, 1998, as amended from time to time, and Decision N° 9794 dated December 14, 2007, as follows: (1 and 2) Low fair risk / Normal and follow up; (3) Watch / Special mention; (4) Substandard loans; (5) Doubtful loans; and (6) Bad loans.

Low fair risk loans display regular credit movement sufficient to repay the loan in accordance with the repayment schedule. The borrower's financial conditions, based on the most recent financial statements available and collateral, are adequate to cover the loan.

Normal and follow up loans display the same criteria the as sub-class A loans above if collateral is adequate and repayment of the loan in accordance with the established schedule is foreseen. However, the borrower's file is incomplete to the extent that the borrower is late in submitting his or her financial statements.

Watch / Special mention loans display signs of irregular credit movements or exceed the credit limit on a continuous basis. Recent financial statements for the borrower are unavailable and adverse conditions or trends of an economic or other nature are present, which may affect the borrower's ability to repay the debt. Collateral has not been evaluated for a period exceeding three years. The loan is considered as recoverable; however, it is closely monitored for a year. By the end of that period, if the specified conditions above are not regularized, the loan will be reclassified.

Substandard loans concern loans that display most or all of the following criteria: a significant decline in the borrower's profitability, causing a decrease in cash flow into a corresponding account and/or resulting in repetitive delays in repayment exceeding a period of three months; a noticeable depreciation in the value of collateral provided; or the use of funds for a purpose other than the one specified in the loan agreement. The Credit Risk Committee will review the repayment schedule in accordance with the borrower and keep the loan under close monitoring. Interest and commissions are classified as unrealized until the loan is regularized.

Doubtful loans concern loans that display all of the conditions of a non-performing loan in addition to having a complete lack of deposits into a corresponding account for a period of six months and/or delay in payments of a rescheduled loan exceeding three months from the date of maturity. A partial provision is made for the loan and interest and commissions are treated as unrealized.

Bad loans cover all doubtful loans in respect of which all or most of the obligations are regarded as uncollectable. In this case, interest ceases to be accrued and a provision of 100% of the principal is made. The loan is under litigation until a court ruling is made, after which it is written-off. Following the Banking Control Commission circular N° 235, banks are also required to transfer any bad debt more than four years overdue to off-statement of financial position accounts.

DISTRIBUTION OF LOANS BY COLLATERAL TYPE

The following table sets out the composition of the Group's loan portfolio by type of collateral as well as the percentage of total and percentage changes therein on December 31, 2015, and 2014, respectively:

LBP Million	2015	% of Total	2014	% of Total	Growth	% Growth
Loans & Advances - Cash Collateral	176,448	6.9%	142,522	6.5%	33,926	23.8%
Loans & Advances - Mortgage	1,431,079	56.4%	1,259,721	56.4%	171,358	13.6%
Loans & Advances - Marketable Securities	99,378	3.9%	68,023	3.0%	31,355	46.1%
Loans & Advances - Personal Guarantee & Unsecured	832,342	32.8%	761,943	34.1%	70,399	9.2%
Total	**2,539,247**		**2,232,209**		**307,038**	**13.8%**
Secured Loans as % of Total Loans	67.2%		65.9%			

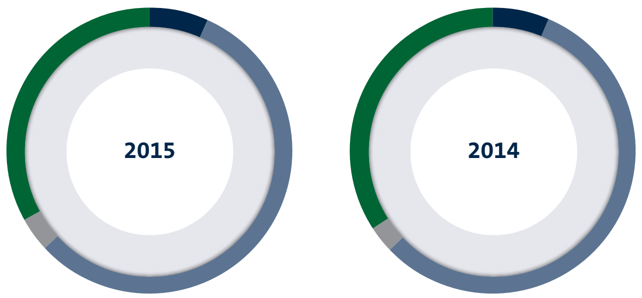
A significant proportion of the Group's loans is secured or guaranteed.

The types of security include cash collateral, mortgages over land and other property and securities (e.g., Lebanese treasury bills and debt and equity securities).

The Group's high percentage of secured loans on December 31, 2015, and 2014 respectively, primarily reflects the Group's conservative policies in regards to collateral requirements.

LOANS AND ADVANCES BY COLLATERAL TYPE

2015	2014	
6.9%	6.5%	Loans & Advances - Cash Collateral
56.4%	56.4%	Loans & Advances - Mortgage
3.9%	3.0%	Loans & Advances - Marketable Securities
32.8%	34.1%	Loans & Advances - Personal Guarantee & Unsecured



INVESTMENT SECURITIES

The following tables set out the composition of the Group's investment securities as at December 31,2015, and 2014 respectively:

LBP Million	Equity Instrument at Fair Value through P or L	Debt Instrument at Fair Value through P or L	Debt Instrument at Amortized Cost	Equity Instrument at Fair Value through OCI	Total
As at 31 December 2015					
Lebanese Government Treasury Bills and Eurobonds	-	57,965	49,091	-	107,055
Treasury Bills Pledged Under Repurchase Agreements	-	-	1,200	-	1,200
Certificates of Deposit	-	44,736	803,457	-	848,194
Corporate Bonds and Bonds Issued by International Organizations	-	-	656	-	656
Equity Securities	1,353	-	-	4,027	5,380
Funds	-	2,638	2,637	-	5,275
Interest Receivable	-	2,061	20,569	-	22,629
Total By Category	**1,353**	**107,400**	**877,610**	**4,027**	**990,389**
As at 31 December 2014					
Lebanese Government Treasury Bills and Eurobonds	-	23,357	51,565	-	74,922
Treasury Bills Pledged Under Repurchase Agreements	-	-	7,337	-	7,337
Certificates of Deposit	-	181,817	539,402	-	721,219
Equity Securities	1,367	-	-	3,931	5,298
Funds	-	1,884	4,523	-	6,407
Interest Receivable	-	2,736	16,122	-	18,858
Total By Category	**1,367**	**209,794**	**618,949**	**3,931**	**834,041**

TOTAL LIABILITIES AND EQUITY

The following table sets out the composition of the Group's total liabilities and equity, as well as the percentage of total and percentage changes therein by December 31, 2015, and 2014 respectively:

LBP Million	2015	% Total	2014	% Total	Growth	% Growth
Due to Banks and Financial Institutions	242,189	4.8%	222,296	4.9%	19,893	8.9%
Deposits From Customers and Related Parties	4,261,464	85.2%	3,920,746	86.7%	340,718	8.7%
Other Liabilities	76,828	1.5%	54,932	1.2%	21,895	39.9%
Provisions	6,868	0.1%	7,327	0.2%	(459)	-6.3%
Total Liabilities	**4,587,349**	**91.6%**	**4,205,303**	**93.0%**	**382,046**	**9.1%**
Equity	421,110	8.4%	316,813	7.0%	104,297	32.9%
Total Liabilities & Equity	**5,008,459**		**4,522,116**		**486,343**	**10.8%**

Total Liabilities recorded a 9.1% growth in 2015.

By December 31, 2015, Total Liabilities amounted to LBP 4,587,349 million (USD 3,043 million) compared to LBP 4,205,303 million (USD 2,790 million) by December 31, 2014.

The increase in Total Liabilities & Equity was mainly due to the growth recorded in Deposits from Customers and Related Parties, which had a share of 85.2% of Total Liabilities & Equity by the end of 2015, while Due to Banks and Financial Institutions had a share of 4.8%.

The growth of deposits from Customers and Related Parties continued in 2015, recording a 8.7% increase to reach LBP 4,261,464 million (USD 2,827 million) on December 31, 2015, compared to LBP 3,920,746 million (USD 2,601 million) on December 31, 2014.

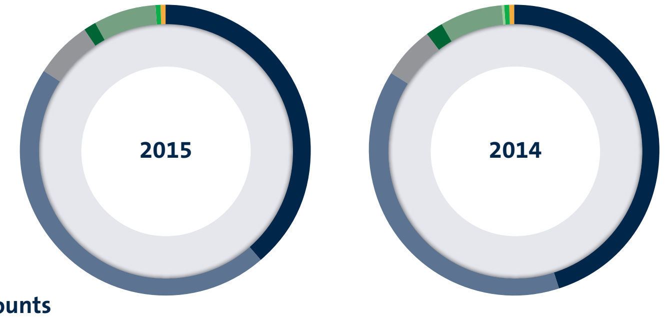
DEPOSITS FROM CUSTOMERS & RELATED PARTIES

The following table shows the composition of the Group's deposits by type of account, as well as the percentage of total and percentage changes therein on December 31, 2015, and 2014 respectively:

LBP Million	2015	% of Total	2014	% of Total	Growth	% Growth
Savings	1,651,602	38.8%	1,770,724	45.2%	(119,123)	-6.7%
Term Deposits	1,940,947	45.6%	1,515,611	38.7%	425,336	28.1%
Current Deposits	274,060	6.4%	237,902	6.1%	36,158	15.2%
Deposits Under Fiduciary Contracts	60,003	1.4%	75,517	1.9%	(15,514)	-20.5%
Net Creditor and Cash Collateral Against Debtor Accounts	289,449	6.8%	270,963	6.9%	18,485	6.8%
Margins on Letter of Credits	4,608	0.1%	4,997	0.1%	(389)	-7.8%
Interest Payable	26,474	0.6%	27,771	0.7%	(1,297)	-4.7%
Deposits from Related Parties	14,321	0.3%	17,260	0.4%	(2,939)	-17.0%
Total Deposits	**4,261,464**		**3,920,746**		**340,718**	**8.7%**

BREAKDOWN OF DEPOSITS FROM CUSTOMERS AND RELATED PARTIES

2015	2014	
38.8%	45.2%	Savings
45.6%	38.7%	Term Deposits
6.4%	6.1%	Current Deposits
1.4%	1.9%	Deposits Under Fiduciary Contracts
6.8%	6.9%	Net Creditor and Cash Collateral Against Debtor Accounts
0.1%	0.1%	Margins on Letter of Credits
0.6%	0.7%	Interest Payable
0.3%	0.4%	Deposits from Related Parties



Deposits from Customers and Related Parties are the main source of the Group's funding, as they constituted 85.1% and 86.7% of the Group's total assets by December 31, 2015, and 2014, respectively.

The Group's Total Deposits increased from LBP 3,920,746 million (USD 2,601 million) on December 31, 2014, to LBP 4,261,464 million (USD 2,827 million) on December 31, 2015.

The 8.7% increase in total customers' deposits in 2015 was mainly due to the growth of Term Deposits.

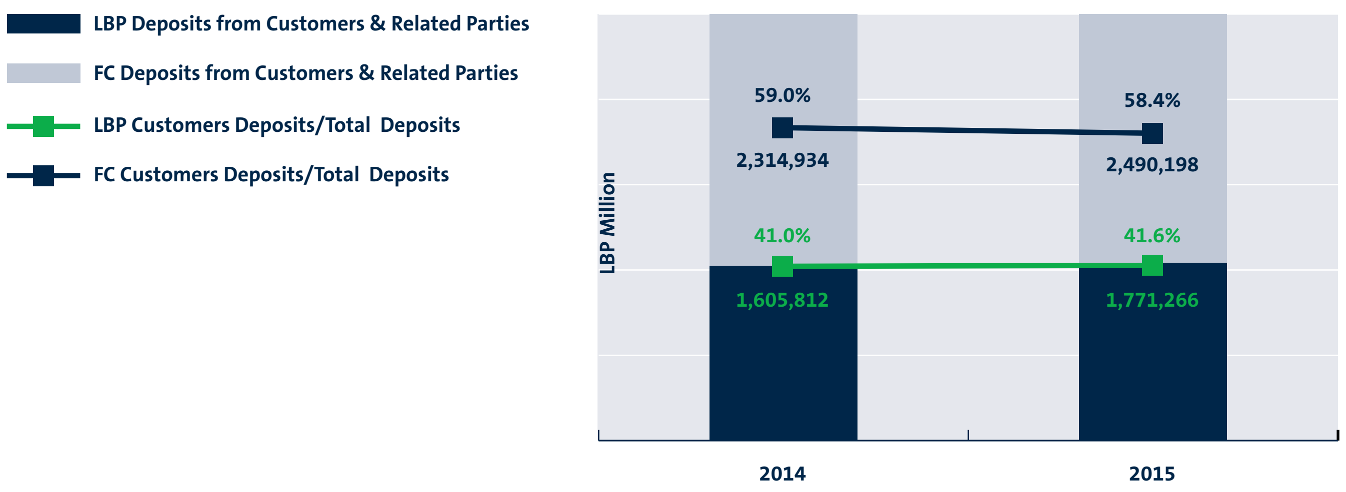
Term Deposits grew by 28.1%, reaching LBP 1,940,947 million (USD 1,288 million) or 45.6% of Total Deposits by the end of 2015 from LBP 1,515,611 million (USD 1,005 million) or 38.7% of Total Deposits by the end of 2014. Current Deposits, which earn the minimum balance rate offered by the Bank, represented 6.4% and 6.1% of Total Deposits on December 31, 2015 and December 31, 2014, respectively.

DISTRIBUTION OF DEPOSITS BY CURRENCY

The following table sets out the composition of the Group's deposit portfolio by currency, as well as percentage changes therein as at December 31, 2015, and 2014 respectively:

LBP Million	2015	2014	Growth	% Growth
LBP Deposits from Customers & Related Parties	1,771,266	1,605,812	165,454	10.3%
FC Deposits from Customers & Related Parties	2,490,198	2,314,934	175,264	7.6%
Total Deposits	**4,261,464**	**3,920,746**	**340,718**	**8.7%**

DEPOSITS BY CURRENCIES



The share of the deposits in foreign currencies was 58.4% in 2015 compared to 59% in 2014. The stake of deposits in LBP remained constant at 41% and 41.6% by the end of 2014 and 2015 respectively.

By the end of 2015, LBP 1,771,266 million (USD 1,175 million) of total deposits, were denominated in Lebanese Pounds, and LBP 2,490,198 million (USD 1,652 million) denominated in foreign currencies, principally U.S. Dollars, compared to LBP 1,605,812 million (USD 1,065 million) of total deposits, denominated in Lebanese Pounds, and LBP 2,314,934 million (USD 1,536 million) denominated in foreign currencies, principally U.S. Dollars, by the end of 2014.

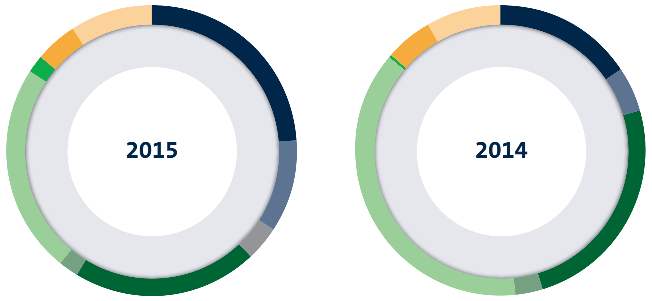
EQUITY

The following table sets out the composition of the Group's Total Equity, as well as the percentage of total and changes therein on December 31, 2015, and 2014 respectively:

LBP Million	2015	% Total	2014	% Total	Growth	% Growth
Share Capital - Common Shares	112,119	26.6%	55,526	17.5%	56,593	101.9%
Share Capital - Preferred Shares	47,500	11.3%	18,200	5.7%	29,300	161.0%
Share Premium - Common Shares	17,274	4.1%	-	0.0%	17,274	N/A
Share Premium - Preferred Shares	95,712	22.7%	87,325	27.6%	8,388	9.6%
Cash Contribution to Capital	10,854	2.6%	10,854	3.4%	-	0.0%
Reserves	108,807	25.8%	134,376	42.4%	(25,569)	-19.0%
Non-Distributable Retained Earnings	8,883	2.1%	248	0.1%	8,636	3483.3%
Translation Reserve	(21,790)	-5.2%	(18,899)	-6.0%	(2,891)	15.3%
Retained Earnings	41,712	9.9%	29,155	9.2%	12,557	43.1%
Equity Attributable to Equity Holders of the Bank	**421,072**	**100.0%**	**316,785**	**100.0%**	**104,287**	**32.9%**
Non-Controlling Interest	38	0.0%	28	0.0%	10	33.8%
Total Equity	**421,110**	**100.0%**	**316,813**	**100.0%**	**104,297**	**32.9%**

TOTAL EQUITY

2015	2014	
26.6%	17.5%	Share Capital - Common Shares
11.3%	5.7%	Share Capital - Preferred Shares
4.1%	0.0%	Share Premium - Common Shares
22.7%	27.6%	Share Premium - Preferred Shares
2.6%	3.4%	Cash Contribution to Capital
25.8%	42.4%	Reserves
2.1%	0.1%	Non-Distributable Retained Earnings
-5.2%	-6.0%	Translation Reserve
9.9%	9.2%	Retained Earnings



Total Equity in 2015 increased by 32.9% amounting to LBP 421,110 million (USD 279 million) by December 31, 2015.

The Group's equity increased by LBP 104,297 million (USD 69 million) or 32.9% from LBP 316,813 million (USD 210 million) by the end of 2014 to LBP 421,110 million (USD 279 million) by the end of 2015, due mainly to a USD 15 million ordinary shareholders' cash injection and the issuance of USD 25 million in preferred shares.

PROFITABILITY

The following table sets out the composition of the Group's profitability, as well as the percentage changes therein for the year 2015, and 2014, respectively:

LBP Million	2015	2014	Growth	% Growth
Net Interest Income	108,423	90,97	17,446	19.2%
Net Fees and Commissions Income	21,536	18,678	2,858	15.3%
Net Profits on Financial Operations	32,967	24,584	8,383	34.1%
Other Revenue	9,719	9,352	367	3.9%
Total Operating Income (Before Impairment)	**172,645**	**143,591**	**29,054**	**20.2%**
Net Impairment Loss on Loans and Advances to Customers	(19,014)	(13,766)	(5,248)	38.1%
Total Operating Income (After Impairment)	**153,631**	**129,825**	**23,806**	**18.3%**
Operating Expenses	(86,357)	(79,786)	(6,571)	8.2%
Depreciation & Amortization	(4,568)	(4,495)	(72)	1.6%
Tax Expense	(9,558)	(6,634)	(2,924)	44.1%
Net Income	**53,148**	**38,909**	**14,239**	**36.6%**
Bank's Share	**53,139**	**38,904**		
Dividend on Preferred Shares Series 2	2,186	2,186		
Dividend on Preferred Shares Series 3	3,279	3,279		
Dividend on Preferred Shares Series 4	2,186	838		
Dividend on Preferred Shares Series 5	1,662	-		
Net Income related to Common Shares	43,826	32,601		
Number of Common Shares During the Period	2,242,383	2,135,603		
Earnings per Common Share (In LBP)	19,544	15,266		

The Group in 2015 realized a net income after tax of LBP 53,148 million (USD 35 million) compared to LBP 38,909 million (USD 26 million) for the year 2014.

The Group's net interest income amounted to LBP 108,423 million (USD 72 million) for the period ending on December 31, 2015, compared to LBP 90,977 million (USD 60 million) for the period ending on December 31, 2014, reflecting a year-on-year growth of 19.2%.

Profit on financial operations also recorded an increase of LBP 8,383 million (USD 5.6 million) to reach LBP 32,967 million (USD 22 million) by the end of 2015, from LBP 24,584 million (USD 16 million) by the end of 2014.

In 2015, Creditbank recorded the highest growth of Net Profit among its Alpha group peer, with an increase of 36.6% compared to an average growth of the Alpha group that stood at 8.6%.

The Group realized a Return on Average Equity (ROAE) of 14.40% and a Return on Average Assets (ROAA) of 1.12% for the year ending on December 31, 2015, as compared to an ROAE and ROAA of 12.36% and 0.91% respectively, for the year ending on December 31, 2014.

OPERATING INCOME

The following table shows the composition of the Group's operating income, as well as the percentage changes therein for the year 2015, and 2014, respectively:

LBP Million	2015	2014	Growth	% Growth
Balances with Central Banks	40,554	39,133	1,421	3.6%
Banks and Financial Institutions	445	2,467	(2,023)	-82.0%
Loans and Advances to Customers and Related Parties	215,983	186,851	29,132	15.6%
Investment Securities	74,686	58,408	16,278	27.9%
Other Interest Income	8	798	(790)	-99.0%
Total Interest Income	**331,677**	**287,658**	**44,019**	**15.3%**
Deposits from Banks	10,639	7,109	3,530	49.6%
Deposits from Customers	212,148	188,971	23,177	12.3%
Other Interest Expense	466	601	(135)	-22.4%
Total Interest Expense	**223,253**	**196,681**	**26,573**	**13.5%**
Net Interest Income	**108,423**	**90,977**	**17,446**	**19.2%**
Fees and Commissions Income	29,037	28,164	873	3.1%
Fees and Commissions Expense	(7,501)	(9,486)	1,985	-20.9%
Net Fees and Commissions Income	**21,536**	**18,678**	**2,858**	**15.3%**
Net Trading Income	4,760	4,457	303	6.8%
Net Income from Financial Instruments at Fair Value	19,283	15,699	3,584	22.8%
Net Income from Financial Assets at Amortized Cost	8,637	4,177	4,460	106.8%
Dividend Income	286	250	37	14.6%
Other Operating Income	9,719	9,352	367	3.9%
Net Income from Other Operating Activities	**42,686**	**33,936**	**8,750**	**25.8%**
Total Non-Interest Income	**64,222**	**52,614**	**11,608**	**22.1%**
Total Operating Income	**172,645**	**143,591**	**29,054**	**20.2%**

The Bank's total interest income amounted to LBP 331,677 million (USD 220 million) by 31, 2015, compared to LBP 287,658 million (USD 191 million) by December 31, 2014, reflecting a year-on-year increase of 15.3%.

Interest income from loans and advances to customers and related parties amounted to LBP 215,983 million (USD 143 million) by the end of 2015, compared to LBP 186,851 million (USD 124 million) by the end of 2014, reflecting a year-on-year increase of 15.6%.

Interest income from investment securities amounted to LBP 74,686 million (USD 50 million) by the end of 2015, compared to LBP 58,408 million (USD 39 million) by the end of 2014, reflecting a year-on-year increase of 27.9%.

The Bank's interest expense was LBP 223,253 million (USD 148 million) on December 31, 2015, compared to LBP 196,681 million (USD 130 million) on December 31, 2014, reflecting a year-on-year increase of 13.5%.

Total deposits interest expense paid by the Bank to customers increased to reach LBP 212,148 million (USD 141 million) on December 31, 2015, compared to LBP 188,971 million (USD 125 million) on December 31, 2014, reflecting a year-on-year increase of 12.3%.

The increase in total deposits interest expenses in 2015 was due to the growth of customer deposits.

The Bank's net interest income before provisions increased by 19.2% to amount to LBP 108,423 million (USD 72 million) on December 31, 2015, compared to LBP 90,977 million (USD 60 million) on December 31, 2014.

Non-interest income in 2015 increased by 22.1% to reach LBP 64,222 million (USD 43 million) by the end of 2015, compared to LBP 52,614 million (USD 35 million) by the end of 2014.

The increase in non-interest income in 2015 was mainly due to the 106.8% increase in income from the sale of investment securities classified at amortized cost from LBP 4,177 million (USD 3 million) on December 31, 2014, to LBP 8,637 million(USD 6 million) on December 31,2015, and an increase of 22.8% in income from investment securities classified at fair value amounting to LBP 19,283 million (USD 13 million) for the period ending on December 31, 2015, compared to LBP 15,699 million (USD 10 million) for the period ending on December 31, 2014.

The Bank in 2014 recorded a LBP 9,045 million (USD 6 million) profit from the revaluation of IBL BANK SAL shares.

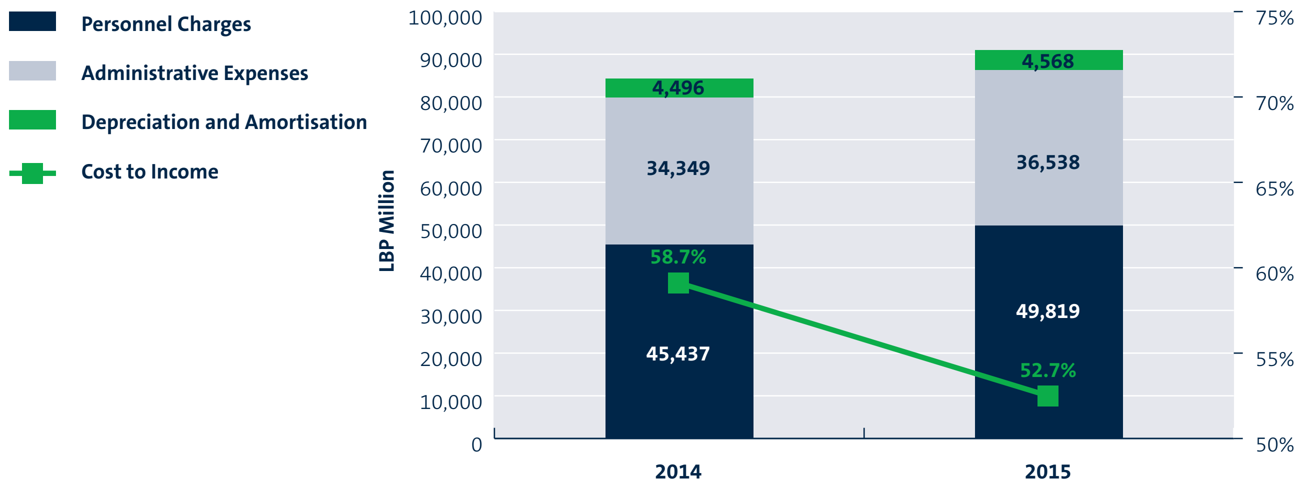
The Bank's total operating income increased by 20.2% to reach LBP 172,645 million (USD 115 million) by December 31, 2015, compared to LBP 143,591 million (USD 95 million) by December 31, 2014.

OPERATING EXPENSES

The following table shows the composition of the Bank's operating expenses, as well as the the percentage of total and changes therein as at December 31, 2015, and December 31, 2014, respectively:

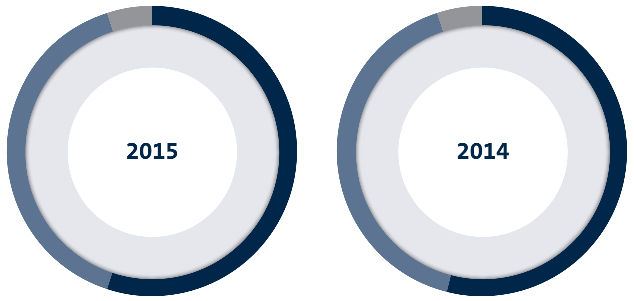
LBP Million	2015	% of Total	2014	% of Total	Growth	% Growth
Personnel Charges	49,819	54.8%	45,437	53.9%	4,382	9.6%
Administrative Expenses	36,538	40.2%	34,349	40.8%	2,188	6.4%
Depreciation and Amortization	4,568	5.0%	4,496	5.3%	72	1.6%
Total Operating Expenses	**90,925**		**84,282**		**6,643**	**7.9%**

OPERATING EXPENSES



BREAKDOWN OF OPERATING EXPENSES

2015	2014	
55%	54%	Personnel Charges
40%	41%	Administrative Expenses
5%	5%	Depreciation and Amortisation



The Group's growth strategy was furthermore reflected in its growing expenses. Personnel and administrative expenses amounted to LBP 49,819 million (USD 33 million) and LBP 36,538 million (USD 24 million) respectively by the end of 2015, compared to LBP 45,437 million (USD 30.1 million) and LBP 34,349 million (USD 22.8 million) respectively by the end of 2014.

The stake of personnel charges and administrative expenses as part of the Group's operating expenses by the end of 2015 stood at 54.8% and 40.2% respectively, compared to 53.9% and 40.8% in 2014.

The cost-to-income ratio decreased from 58.7% by December 2014 to 52.7% by December 2015.

RISK MANAGEMENT

Introduction

"Together everyone achieves more" (TEAM) has never been a truer statement when it comes to risk management in challenging times. With the banking sector exposed to numerous pressures and risks, Creditbank has introduced a series of measures to evaluate and enhance its risk capacity: the ability to identify the financial resources, expertise and operating mandate needed to determine how much risk can be taken, subject to risk limits and other controls.

The procedures regarding good governance and internal control have been instrumental in supporting the Bank to weigh and judge emerging risks and maximize long-term results. Providing an upgraded set of tools to protect assets, revenues and reputation, they have allowed the Bank to determine its capacity more clearly, particularly in terms of risk tolerance and risk appetite.

With the help of regular departmental reports, the Creditbank Board Committee on Risk Management and the Executive and Investment Committee provide a solid governance framework supervising risk management. All risk-related policies and strategic decisions are approved by the Board Committee on Risk Management, as well as the Board of Directors.

Regarding risk management, the Bank furthermore managed to maintain its strong financial position through enhanced capital management practices which enabled it to continue to take advantage of growth opportunities, maintain access to financial markets and return capital to its shareholders. This was in particular achieved through the Bank's annual Internal Capital Adequacy Assessment Process (ICAAP), a set of of capital guidelines that aims to steer the Bank through adverse economic scenarios and cover all risks to which it is exposed, both internal and external.

Creditbank's consolidated capital adequacy ratio stood at 12.79% on December 31, 2015.

In short, Creditbank's solid risk management and capital management policies have enabled the bank to maintain market resilience, withstand economic turbulence, retain value for its stakeholders and set the stage for growth.

Risk Management Function

The Risk Management Function follows the rules and regulations set by the Basel Committee in the Core Principles for Effective Banking Supervision (September 2012) and the Basel Capital Accord (Basel II and III) to measure and manage credit risk, liquidity risk, market risk and interest rate risk in the banking book.

The Head of the Risk Management Department regularly reports to the General Manager, while risk issues and reports are frequently submitted to the Board by the Board Committee on Risk Management.

In respect to the Basel recommendations regarding the best practices in risk management and its objective of capital measurement and capital adequacy, the Bank in addition to the IFRS9 impairment requirements, has adopted a phased and sophisticated approach to managing credit risk. It makes use of an internal rating based methodology (IRB) to calculate Expected Credit Loss and ultimately capital requirements (Unexpected Loss or UL) for credit risk.

As for addressing the capital management issue in the context of Basel II, the Bank annually produces a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) document regarding risk appetite and covering all risks to which the Group is or may be exposed to.

The overall responsibility for critically monitoring and managing risk is assigned to the ICAAP Team, which is comprised of the Head of Risk Management, the Head of Finance and the Head of Internal Audit.

The Risk Management Department continues to play a key role in ensuring that the appropriate risk management practices remain in place and in line with the Bank's overall strategy, thus adding an extra layer of protection to both the bank and its shareholders.

Risk Management Framework

The Bank is exposed to credit risk, liquidity risk and interest rate risk. It is also subject to various operational risks.

1. Credit Risk

The Bank studies the borrower's profile, repayment sources, underlying collateral and many other factors to determine and monitor credit risk. The Bank controls its credit exposure by setting limits in line with rules and regulations regarding the exposure to one borrower, a group of borrowers and/or industry segments. Such limits are continuously monitored.

Credit risk exposure is managed through the regular analysis of the obligors' ability to meet interest and capital repayment obligations, as well as by obtaining collateral and/or other guarantees, and by assessing the obligor's collateral's eligibility to mitigate the gross credit risk exposure. Creditbank's Internal Credit Risk System allows it to analyze and rate the many conditions related to each obligor and determine the probability of default. An analysis of eligible collaterals and/or guarantees is furthermore used to determine the loss in case of the obligor's potential default, upon which provisioning, and ultimately capital charges and risk pricing will be based.

Reference pages 58 - 59 (Classification of Loans)

Collective allowances: allowances are assessed collectively for losses on loans and advances that are not individually significant (credit cards, residential mortgages and unsecured consumer lending).
Allowances are evaluated separately at each reporting date with each portfolio. It is made for groups of assets with similar characteristics, in order to determine whether provision should be made due to incurred loss events.

Analysis of Risk Concentration

The Group's concentration of risks are managed by Client/Country, by Industry Sector and by Geographical Location.

The following tables show the maximum exposure to credit risk for the components of the statement of financial position.

Reference pages 60 & 61 (Distribution of Loans by Collateral Type)

2. Liquidity Risk
Funding and liquidity risk management allows the Bank to maintain excess liquidity and access diverse funding sources, including the Bank's stable deposit base.

Creditbank developed a Liquidity Risk Management Policy and Contingency Funding Plan (CFP) to manage and monitor the liquidity on a daily basis.
The liquidity position is assessed using various scenarios and stress tests that may impact the Immediate Liquidity Ratio.

References: pages 64 & 65 (Deposits from Customers & Related Parties) and pages 66 & 67 (Distribution of Deposits by Currency)

3. Interest Rate Risk in the Banking book
The Bank manages interest rates to ensure that rate fluctuations do not adversely affect the core net interest income and the economic value of equity.
The IRR arises from the mismatch of re-pricing of assets and liabilities.

Reference to IRR Tables pages 140 & 141

4. Market Risk
Market risk at the Bank arises from open positions in interest rates (related to debt instruments that are being traded), currency and equity instruments (classified at Fair Value through Profit or Loss - FVTPL), all of which are exposed to general and specific market movements.

The Market Risk Governance has been defined in the Investment Policy. It is the responsibility of the ALCO to manage the Bank's investment portfolio under the terms of the Investment Policy. While striving to maximize portfolio performance, the ALCO shall keep the management of the portfolio within the bounds of good banking practices, satisfies the Bank's liquidity needs, and ensures compliance with both regulatory and internally set limits and requirements.

Reference page 62 (Investment Securities: Equity and Debt instruments)

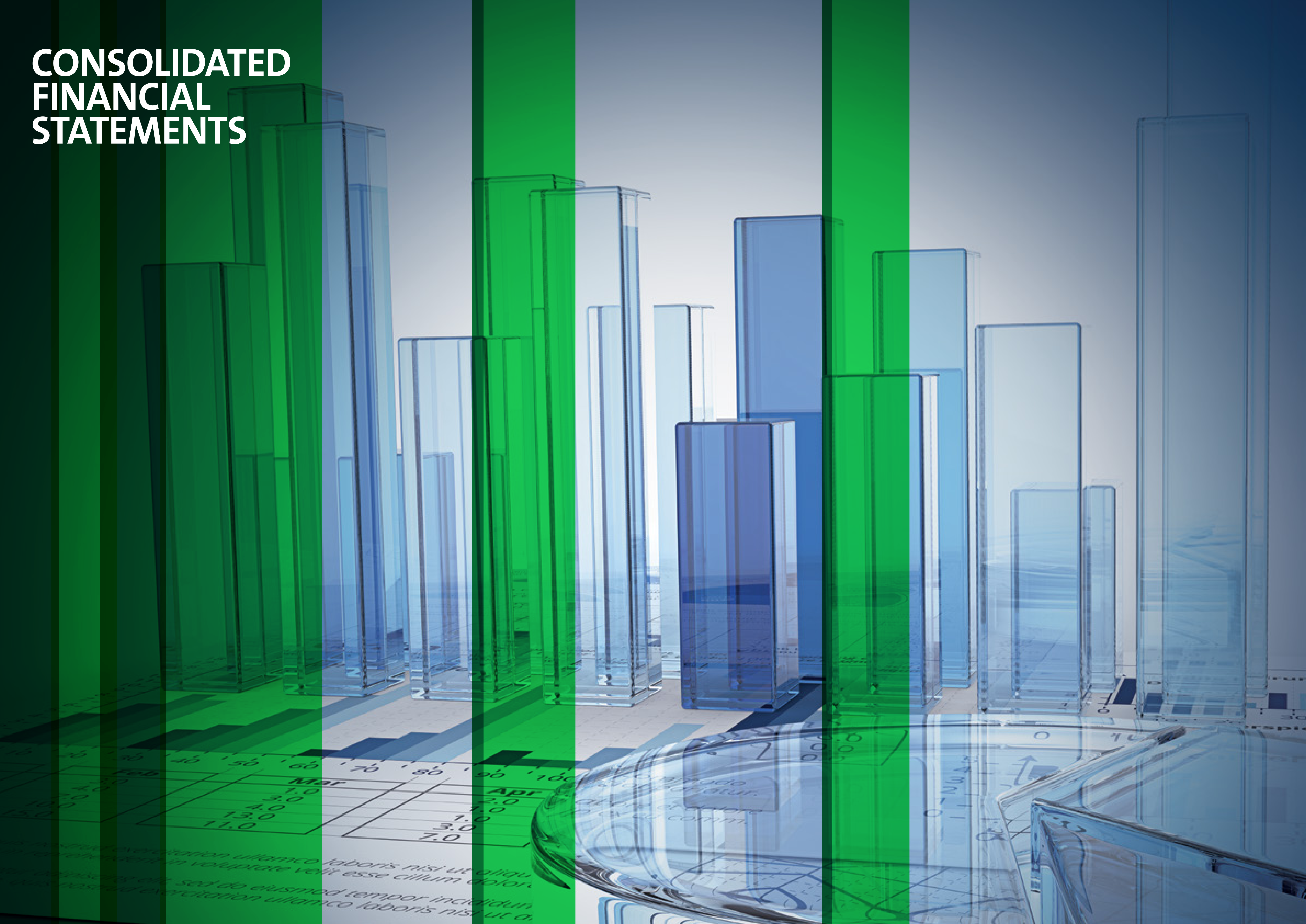
5. Operational Risk
Operational Risk Management (ORM) is a continual process that consists of six stages: risk identification, assessment, analysis, mitigation decision, mitigation implementation, and supervision/review. This cycle enhances control for all of the Bank's processes, products, activities and systems.

The framework for managing and controlling operational risks encompasses various tools, including Risk and Control Assessment (RCA), operational risk event and key risk indicators.

6. Enterprise-wide Stress Testing
Periodic enterprise-wide stress tests to enable a better understanding and reveal the potential impact of the Bank's risk profile in terms of earnings, capital and liquidity. Such tests also help tackle unanticipated market conditions.

"It would be a mistake to conclude that the only way to succeed in banking is through ever-greater size and diversity. Indeed, better risk management may be the truly necessary element of success in banking"
- Alan Greenspan, Former Chairman of Federal Reserve

CONSOLIDATED FINANCIAL STATEMENTS



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To the shareholders of Creditbank S.A.L.

We have audited the accompanying consolidated financial statements of Creditbank S.A.L. (the "Bank" or "Group"), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2015, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

BDO, Semaan, Gholam & Co

30 May 2016
Beirut, Lebanon

KPMG

CONSOLIDATED STATEMENT OF FINANCIAL POSITION I AS AT 31 DECEMBER

IN THOUSANDS OF LEBANESE POUND	Note	2015	2014
Assets			
Cash and balances with Central Banks	9	1,086,448,811	1,035,937,735
Banks and financial institutions	10	176,663,367	214,370,163
Loans and advances to customers and related parties	11	2,539,246,736	2,232,209,471
Investment securities	12	990,388,821	834,040,743
Shares acquired in settlement of debt at fair value through profit or loss	13	89,987,161	83,338,523
Property and equipment	14	76,674,073	72,819,644
Intangible assets	15	1,250,321	958,598
Other assets	16	22,926,668	22,841,161
Non-current assets held for sale	17	15,144,313	15,871,603
Goodwill		9,728,373	9,728,373
Total assets		**5,008,458,644**	**4,522,116,014**
Liabilities			
Due to banks and financial institutions	18	242,189,464	222,296,329
Deposits from customers and related parties	19	4,261,463,870	3,920,746,436
Current tax liabilities		4,840,00	3,453,200
Other liabilities	20	71,987,122	58,366,374
Provisions	21	6,868,227	440,253
Total liabilities		**4,587,348,683**	**4,205,302,592**
Equity			
Share capital - common shares	22	112,119,150	55,525,678
Share capital - preferred shares	22	47,500,00	18,200,000
Share premium - common shares	23	17,273,587	–
Share premium - preferred shares	23	95,712,499	87,324,999
Cash contribution to capital	24	10,854,000	10,854,000
Reserves	25	108,807,323	134,376,295
Non-distributable retained earnings	25	8,883,426	247,913
Translation reserve	25	(21,789,768)	(18,898,531)
Retained earnings		41,711,823	29,154,735
Equity attributable to equity holders of the bank		**421,072,040**	**316,785,089**
Non-controlling interest		**37,921**	**28,333**
Total equity		**421,109,961**	**316,813,422**
Total liabilities and equity		**5,008,458,644**	**4,522,116,014**

The notes 1 to 38 are an integral part of these consolidated financial statements.
The consolidated financial statements were authorised for issue by the Chairman of the Board of Directors on 30 May 2016:

Mr. Tarek Khalifeh
Chairman

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME I FOR THE YEAR ENDED 31 DECEMBER

IN THOUSANDS OF LEBANESE POUND	Note	2015	2014
Interest income		331,676,619	287,657,806
Interest expense		(223,253,406)	(196,680,818)
Net interest income	26	**108,423,213**	**90,976,988**
Fees and commissions income		29,037,374	28,164,131
Fees and commissions expense		(7,501,082)	(9,485,889)
Net fees and commissions income	27	**21,536,292**	**18,678,242**
Net trading income	28	4,759,955	4,457,204
Net gain on investment securities at fair value through profit or loss	29	19,282,806	15,699,279
Net gain on investment securities at amortised cost	30	8,637,469	4,177,440
Dividend income		286,319	249,751
Other revenue		9,719,081	9,352,323
Revenue		**172,645,135**	**143,591,227**
Personnel charges	31	(49,819,277)	(45,436,967)
Net impairment loss on loans and advances to customers	11	(19,014,336)	(13,766,053)
Depreciation and amortisation	14, 15	(4,567,885)	(4,495,488)
Administrative expenses	32	(36,537,603)	(34,349,408)
Profit before tax		**62,706,034**	**45,543,311**
Income tax expense	33	(9,557,558)	(6,633,867)
Profit for the year		**53,148,476**	**38,909,444**
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Net unrealized gain on investment securities at fair value through other comprehensive income		42,318	50,744
Total other comprehensive income for the year		**42,318**	**50,744**
Total comprehensive income for the year		**53,190,794**	**38,960,188**
Profit attributable to:			
Equity holders of the Bank		53,138,88	38,904,333
Non-controlling interests		9,588	5,111
Profit for the year		**53,148,476**	**38,909,444**
Total comprehensive income attributable to:			
Equity holders of the Bank		53,181,206	38,955,077
Non-controlling interests		9,588	5,111
Total comprehensive income for the year		**53,190,794**	**38,960,188**

The notes 1 to 38 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY I FOR THE YEAR ENDED 31 DECEMBER 2015

CONSOLIDATED FINANCIAL STATEMENTS CREDITBANK I ANNUAL REPORT 2015

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY I FOR THE YEAR ENDED 31 DECEMBER 2015

IN THOUSANDS OF LEBANESE POUND	Share capital -common shares	Share capital -preferred shares	Share premium -common shares	Share premium -preferred shares	Cash contribution to capital	Reserves	Non-distributable retained earnings	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balances at 1 January 2015	55,525,678	18,200,000	–	87,324,999	10,854,000	134,376,295	247,913	(18,898,531)	29,154,735	316,785,089	28,333	316,813,422
Acquisition of non-controlling interests												
Profit for the year	–	–	–	–	–	–	–	–	53,138,888	53,138,888	9,588	53,148,476
Other comprehensive income, net of tax Net change of financial assets measured at fair value through other comprehensive income:												
Net change in fair value on equity instruments designated at fair value through other comprehensive income	–	–	–	–	–	42,318	–	–	–	42,318	–	42,318
Total other comprehensive income	–	–	–	–	–	42,318	–	–	–	42,318	–	42,318
Total comprehensive income for the year	–	–	–	–	–	42,318	–	–	53,138,888	53,181,206	9,588	53,190,794
Transactions with owners of the Bank												
Contributions and distributions												
Issue of common shares (note 22)	5,339,000	–	17,273,587	–	–	–	–	–	–	22,612,587	–	22,612,587
Issue of preferred shares (series 5) (note 22)	–	6,500,000	–	31,187,500	–	–	–	–	–	37,687,500	–	37,687,500
Increase in share capital par value	51,254,472	22,800,000	–	–	–	(74,054,472)	–	–	–	–	–	–
Dividends paid to holders of preferred shares (series 2,3 & 4)	–	–	–	–	–	–	–	–	(6,303,105)	(6,303,105)	–	(6,303,105)
Total contributions and distributions	**56,593,472**	**29,300,000**	**17,273,587**	**31,187,500**	**–**	**(74,054,472)**	**–**	**–**	**(6,303,105)**	**53,996,982**	**–**	**53,996,982**
Other transactions recorded directly in equity												
Transfer from retained earnings to reserves	–	–	–	–	–	25,643,182	8,635,513	–	(34,278,695)	–	–	–
Transfer to reserves (note 25)	–	–	–	(22,800,000)	–	22,800,000	–	–	–	–	–	–
Transfer from retained earnings to other reserves	–	–	–	–	–	–	–	–	–	–	–	–
Exchange rate difference arising on consolidation	–	–	–	–	–	–	–	(2,891,237)	–	(2,891,237)	–	(2,891,237)
Total other transactions recorded directly in equity	**–**	**–**	**–**	**(22,800,000)**	**–**	**48,443,182**	**8,635,513**	**(2,891,237)**	**(34,278,695)**	**(2,891,237)**	**–**	**(2,891,237)**
Total transactions recorded directly in equity	**56,593,472**	**29,300,000**	**17,273,587**	**8,387,500**	**–**	**(25,611,290)**	**8,635,513**	**(2,891,237)**	**(40,581,800)**	**51,105,745**	**–**	**51,105,745**
Balances at 31 December 2015	**112,119,150**	**47,500,000**	**17,273,587**	**95,712,499**	**10,854,000**	**108,807,323**	**8,883,426**	**(21,789,768)**	**41,711,823**	**421,072,040**	**37,921**	**421,109,961**

The notes 1 to 38 are an integral part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS CREDITBANK I ANNUAL REPORT 2015

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY I FOR THE YEAR ENDED 31 DECEMBER 2014

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY I FOR THE YEAR ENDED 31 DECEMBER 2014

IN THOUSANDS OF LEBANESE POUND	Share capital -common shares	Share capital -preferred shares	Share premium -preferred shares	Cash contribution to capital	Reserves	Non-distributable retained earnings	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balances at 1 January 2014	48,505,678	20,020,000	96,057,499	10,854,000	120,093,658	140,660	(6,786,055)	23,780,531	312,665,971	19,691	312,685,662
Transactions with owners recorded directly in equity											
Profit for the year	–		–	–	–	–	–	38,904,333	38,904,333	5,111	38,909,444
Other comprehensive income, net of tax											
Net change of financial assets measured at fair value through other comprehensive income:											
Net change in fair value on equity instruments designated at fair value through other comprehensive income	–	–	–	–	50,744	–	–	–	50,744	–	50,744
Total other comprehensive income	–	–	–	–	50,744	–	–	–	50,744	–	50,744
Total comprehensive income for the year	–	–	–	–	50,744	–	–	38,904,333	38,955,077	5,111	38,960,188
Transactions with owners of the Bank											
Contributions by and distributions											
Issue of common shares (note 22) from other reserve	7,020,000	–	–	–	–	–	–	–	7,020,000	–	7,020,000
Issue of preferred shares (series 4) (note 22)	–	5,200,000	24,950,000	–	–	–	–	–	30,150,000	–	30,150,000
Redemption of preferred shares (series 1) (note 22)	–	(7,020,000)	(33,682,500)	–	–	–	–	–	(40,702,500)	–	(40,702,500)
Dividends paid to holders of preferred shares (series 2 & 3)	–	–	–	–	–	–	–	(5,717,453)	(5,717,453)	–	(5,717,453)
Dividends paid to holders of common shares	–	–	–	–	–	–	–	(6,450,000)	(6,450,000)	–	(6,450,000)
Total contributions and distributions	**7,020,000**	**(1,820,000)**	**(8,732,500)**	**–**	**–**	**–**	**–**	**(12,167,453)**	**(15,699,953)**	**–**	**(15,699,953)**
Change in ownership interest in subsidiaries											
Change in non-controlling interests	–	–	–	–	–	–	–	–	–	3,531	3,531
Total change in ownership interest in subsidiaries	–	–	–	–	–	–	–	–	–	3,531	3,531
Other transactions recorded directly in equity											
Transfer to reserves (note 25)	–	–	–	–	14,235,300	107,253	–	(14,342,553)	–	–	–
Transfer from retained earnings to other reserves	–	–	–	–	7,020,000	–	–	(7,020,000)	–	–	–
Transfer from other reserves to common shares	–	–	–	–	(7,020,00)	–	–	–	(7,020,000)	–	(7,020,000)
Exchange rate difference arising on consolidation	–	–	–	–	–	–	(12,112,476)	–	(12,112,476)	–	(12,112,476)
Adjustments	–	–	–	–	(3,407)	–	–	(123)	(3,530)	–	(3,530)
Total other transactions recorded directly in equity	**–**	**–**	**–**	**–**	**14,231,893**	**107,253**	**(12,112,476)**	**(21,362,676)**	**(19,136,006)**	**–**	**(19,136,006)**
Total transactions recorded directly in equity	**7,020,000**	**(1,820,000)**	**(8,732,500)**	**–**	**14,231,893**	**107,253**	**(12,112,476)**	**(33,530,129)**	**(34,835,959)**	**3,531**	**(34,832,428)**
Balances at 31 December 2014	**55,525,678**	**18,200,000**	**87,324,999**	**10,854,000**	**134,376,295**	**247,913**	**(18,898,531)**	**29,154,735**	**316,785,089**	**28,333**	**316,813,422**

The notes 1 to 38 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS I FOR THE YEAR ENDED 31 DECEMBER

IN THOUSANDS OF LEBANESE POUND	Note	2015	2014
Cash flows from operating activities			
Profit for the year		53,148,476	38,909,444
Adjustments for:			
-Depreciation		4,334,777	4,224,275
-Amortisation		233,108	271,213
-Net impairment losses on loans and advances to customers		19,014,336	13,766,053
-Net gain on investment securities at FVTPL		(19,282,806)	(15,699,279)
-Net gain on investment securities at amortised cost		(8,637,469)	(4,177,440)
-Dividend income		(286,319)	(249,751)
-Gain on sale of non-current assets held for sale		–	(104,924)
-(Reversal of) impairment of non-current assets held for sale		422,973	(1,115,199)
-Loss on sale of property and equipment		(27,402)	11,967
-Net interest income		(108,423,213)	(90,976,988)
-Income tax expense		9,557,558	6,633,867
		(49,945,981)	**(48,506,762)**
Changes in:			
-Balances held with Central Banks		(173,830,932)	31,053,445
-Banks and financial institutions		(2,292,158)	1,197,239
-Loans and advances to customers and related parties		(328,382,535)	(290,828,509)
-Other assets		(85,507)	3,310,470
-Due to banks and financial institutions		24,723,052	64,445,276
-Deposits from customers and related parties		342,014,366	476,358,563
-Provisions		(459,158)	296,215
-Other liabilities		20,507,880	(17,708,417)
		(167,750,973)	**219,617,520**
Interest received		327,482,569	278,379,313
Interest paid		(224,035,770)	(188,764,001)
Income tax paid		(8,170,758)	(7,247,873)
Net cash (used in) from operating activities		**(72,474,932)**	**301,984,959**

CONSOLIDATED STATEMENT OF CASH FLOWS I FOR THE YEAR ENDED 31 DECEMBER

IN THOUSANDS OF LEBANESE POUND	Note	2015	2014
Cash flows from investing activities			
Net change in investment securities		(124,328,252)	(102,671,046)
Acquisition of shares acquired in settlement of debt at FVTPL		(6,648,638)	(83,338,523)
Acquisition of property and equipment		(9,057,889)	(9,671,243)
Acquisition of intangible assets		(586,024)	(357,079)
Proceeds from sale of property and equipment		554,213	331,982
Proceeds from sale of property acquired in settlement of debt		2,910,820	1,850,007
Net proceeds from sale of intangible assets		1,288	–
Net cash (used in) from investing activities		**(137,154,482)**	**(193,855,902)**
Cash flows from financing activities			
Proceeds from issue / net redemption of preferred shares		6,500,000	(1,820,000)
Proceeds from issue of common shares		5,339,000	–
Proceeds from issue premium - common shares		17,273,587	–
Proceeds / (redemption) from issue premium - preferred shares		31,187,500	(8,732,500)
Dividends paid		(6,303,105)	(12,167,453)
Net cash (used in) from financing activities		**53,996,982**	**(22,719,953)**
Net (decrease) increase in cash and cash equivalents		**(155,632,432)**	**85,409,104**
Cash and cash equivalents at 1 January		400,870,270	324,379,328
Effect of exchange rate fluctuations on cash and cash equivalents		(2,765,029)	(8,918,162)
Cash and cash equivalents at 31 December	34	**242,472,809**	**400,870,270**

The notes 1 to 38 are an integral part of these consolidated financial statements.

(1) REPORTING ENTITY

Creditbank S.A.L. (the "Bank" or "Group") is a joint stock company domiciled in Lebanon. The Bank is registered under No.103 on the list of banks published by the Central Bank of Lebanon. The consolidated financial statements of the Bank as at and for the year ended 31 December 2015 comprise the Bank and its subsidiaries (together referred to as the Group and individually as Group entities). The Head office of the Bank is located in Dekwaneh (Freeway Center). The Group is primarily involved in investment, retail and corporate banking.

CONSOLIDATED FINANCIAL STATEMENTS CREDITBANK I ANNUAL REPORT 2015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS I 31 DECEMBER 2015

(2) BASIS OF PREPARATION

(a) Basis of accounting
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Details of the Bank's accounting policies, including change during the year, are included in Notes 3 and 4.

(b) Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Investment securities at fair value through other comprehensive income are measured at fair value;
- Investment securities designated at fair value through profit or loss are measured at fair value; and
- Shares acquired in settlement of debt are measured at fair value.

(c) Functional and presentation currency
These consolidated financial statements are presented in Lebanese Pound (LBP), which is the Bank's functional currency. All amounts have been rounded to the nearest thousand, except when otherwise indicated.

(d) Use of judgements and estimates
In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2015 is set out below in relation to the impairment of financial instruments and in the following notes:

- Notes 21 and 35 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note 7 - determination of the fair value of financial instruments with significant unobservable inputs.

Management discusses with the Board of Directors the development and disclosure of the Bank's critical accounting policies and estimates, and the application of these policies and estimates.

Impairment of financial instruments

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 4 (k)(vii).

The individual component of the total allowance for impairment applies to financial assets evaluated individually for impairment and is based upon management's best estimate of the recoverable amounts that are expected to be received. In estimating the recoverable amount, management makes judgements about a debtor's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of amounts considered recoverable are independently approved by the concerned committees.

A collective component of the total allowance is established for:

- groups of homogenous loans that are not considered individually significant; and
- groups of assets that are individually significant but that were not found to be individually impaired (loss 'incurred but not reported' or IBNR).

The collective allowance for groups of homogeneous loans is established using statistical methods such as roll rate methodology or, for small portfolios with insufficient information, a formula approach based on historical loss rate experience. The roll rate methodology uses statistical analysis of historical data on delinquency to estimate the amount of loss. Management applies judgement to ensure that the estimate of loss arrived at on the basis of historical information is appropriately adjusted to reflect the economic conditions and product mix at the reporting date. Roll rates and loss rates are regularly benchmarked against actual loss experience.

The IBNR allowance covers credit losses inherent in portfolios of loans and advances and investments securities at amortised cost with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired items but the individual impaired items cannot yet be identified.

In assessing the need for collective loss allowance, management considers factors such as credit quality, portfolio size, concentrations and economic factors. To estimate the required allowance, assumptions are made to define how inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowance depends on the model assumptions and parameters used in determining the collective allowance.

Investments in equity securities were evaluated for impairment on the basis described in Note 4 (k)(vii).

In making an assessment of whether an investment in sovereign debt is impaired, the Bank considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of the creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

The Group's assessment of whether there is objective evidence of impairment of its investments in sovereign debt, based on the above factors, see note 6 (b).

(e) Basis of consolidation

(i) Business combinations
Business combinations are accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately Transactions costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, bargain purchase gain is recognised immediately in the profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

(ii) Non-controlling interests
Non-controlling interests are measured at their proportionate share of the acquirer's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Subsidiaries
'Subsidiaries' are investees controlled by the Group. The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement within the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

(iv) Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(3) CHANGE IN ACCOUNTING POLICIES

Except for the changes below, the Group has consistently applied the accounting policies as set out in note (4) to all years presented in these consolidated financial statements.

The Group adopted certain standards and amendments to standards, with a date of initial application of 1 January 2015. The nature and the impact of each new standard and amendments are described below.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would be relevant to the Group since it does not have defined benefit plans with contributions from employees or third parties.

Annual improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group. They include:

IFRS 2 Share-Based Payment: This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same Group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

IFRS 3 Business Combinations: The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9.

CONSOLIDATED FINANCIAL STATEMENTS CREDITBANK I ANNUAL REPORT 2015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS I 31 DECEMBER 2015

IFRS 8 Operating Segments: The amendments are applied retrospectively and clarifies that 1) an entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are ‘similar’, and 2) the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 Related Party Disclosures: The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group. They include:

IFRS 3 Business Combinations: The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that 1) joint arrangements, not just joint ventures, are outside the scope of IFRS 3, and 2) this scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

IFRS 13 Fair Value Measurement: The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9.

IAS 40 Investment Property: The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property. The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

(4) SIGNIFICANT ACCOUNTING POLICIES

Except for the change explained in note (3), the accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

(a) Presentation of consolidated financial statements
The Group has elected to present consolidated financial statements.

The Group produces consolidated financial statements that are available for public use and that comply with IFRS. These consolidated financial statements can be obtained from the Bank's registered office in Dekwaneh (Freeway Center).

(b) Subsidiaries
Subsidiaries are investees controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investees. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases. Subsidiaries are accounted for at cost in these consolidated financial statements.

(c) Foreign currency

Foreign currency transactions
Transactions in foreign currencies are translated into the respective functional currencies of the operations at the spot exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of financial assets at fair value through other comprehensive income are recognised in other comprehensive income.

(d) Interest
Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income and expense presented in the statement of profit or loss and comprehensive income include interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest rate basis.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income, see note 4(f).

Fair value changes on other financial assets and liabilities carried at fair value through profit or loss, are presented in 'Net gain on investments securities at fair value through profit or loss' in the statement of profit or loss and other comprehensive income.

(e) Fees and commission
Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate (see (d)).

Other fees and commission income, including account servicing fees, investment management fees, sales commission and placement fees, are recognised as the related services are performed.

Other fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

(f) Net trading income
Net trading income comprises foreign exchange differences.

(g) Net gain from investments securities at fair value through profit or loss
Net gain from investments securities at fair value through profit or loss includes all realised and unrealised fair value changes and interest.

(h) Dividend income
Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities.

(i) Lease payments - Lessee
Payments made under operating lease are recognised in profit or loss on a straight-line basis over the term of the lease.

(j) Income tax
Income tax expense comprises current tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income (OCI).

(i) Current tax
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

(ii) Tax exposures
In determining the amount of current and tax, the Group considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

(k) Financial assets and financial liabilities

(i) Recognition
The Group initially recognises loans and advances and deposits on the date at which they are originated. All other financial instruments (including regular way purchases and sales of financial assets) are recognised on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

Financial assets

The Group classifies its financial assets as measured at amortised cost or fair value. See notes 4(l), (n) and (o). A financial asset qualifies for amortised cost measurement only if it meets both of the following conditions:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If a financial asset does not meet both of these conditions, then it is measured at fair value.

The Group makes an assessment of a business model at a portfolio level as this reflects best the way the business is managed and information is provided to management.

In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Group considers:

- management's stated policies and objectives for the portfolio and the operation of those policies in practice;
- how management evaluates the performance of the portfolio;
- whether management's strategy focuses on earning contractual interest revenues;
- the degree of frequency of any expected asset sales;
- the reason for any asset sales; and
- whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

Financial assets held for trading are not held within a business model whose objective is to hold the asset in order to collect contractual cash flows.

Financial liabilities

The Group classifies its financial liabilities at amortized cost. See accounting policy 4(t).

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that has been recognized in other comprehensive income is recognized in profit or loss. Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such case, the transferred assets are not derecognized. Examples of such transactions are securities lending and sale and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions because the Group retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Group retains obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(iv) Offsetting
Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

(v) Amortised cost measurement
The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(vi) Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(vii) Identification and measurement of impairment
At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, the restructuring of a loan or advance by the Bank on terms that the Group would not consider otherwise, indications that a borrower or issuer will enter Bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. In general, the Group considers a decline of 20% to be 'significant' and a period of nine months to be 'prolonged'. However, in specific circumstances a smaller decline or a shorter period may be appropriate.

CONSOLIDATED FINANCIAL STATEMENTS CREDITBANK I ANNUAL REPORT 2015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS I 31 DECEMBER 2015

The Group considers evidence of impairment for loans and advances and investment securities measured at amortised cost at both a specific asset and collective level. All individually significant loans and advances and investment securities measured at amortised cost are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and investment securities measured at amortised cost that are not individually significant are collectively assessed for impairment by grouping together loans and advances and investment securities measured at amortised cost with similar risk characteristics.

In assessing collective impairment, the Group uses statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or less than is suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets measured at amortized cost are calculated as the difference between the carrying amount of the financial amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and advances or investment securities at amortised cost. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. The Group writes off certain loans and advances and investment securities, when Group Credit Committee determines that there is no realistic prospect of recovery.

(viii) Designation at fair value through profit or loss
The Group has designated financial assets at fair value through profit or loss in either of the following circumstances:

- The assets are managed, evaluated and reported internally on a fair value basis.
- The designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Note 7 sets out the amount of each class of financial asset that has been designated at fair value through profit or loss. A description of the basis for each designation is set out in the note for the relevant asset class.

(l) Cash and cash equivalents
Cash and cash equivalents include cash on hand, unrestricted balances held with the Central Bank of Lebanon, Central Bank of Armenia, Central Bank of Russia and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(m) Trading assets and liabilities
Trading assets and liabilities are those assets and liabilities that the Group acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position, with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of "Net gain on investments securities at fair value through profit or loss".

(n) Loans and advances
Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in Group's financial statements.

(o) Investment securities
Investment securities are initially measured at fair value plus, in the case of investment securities not at fair value through profit or loss, incremental direct transaction costs, and subsequently accounted for depending on their classification at amortized cost, fair value through profit or loss or fair value through other comprehensive income.

Investment securities are measured at amortised cost using the effective interest method, if:

- they are held within a business model with an objective to hold assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest; and
- they have not been designated previously as measured at fair value through profit or loss.

The Group elects to present changes in fair value of certain investments in equity instruments held for strategic purposes in other comprehensive income. The election is irrevocable and is made on an instrument-by-instrument basis at initial recognition.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in other comprehensive income. Cumulative gains and losses recognised in other comprehensive income are transferred to retained earnings on disposal of an investment.

Other investment securities are measured at fair value through profit or loss.

(p) Property and equipment

(i) Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property or equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income / other expenses in profit or loss.

(ii) Subsequent costs
Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation
Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

- Buildings 50 years
- Furniture and equipment 5 - 12.5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(q) Intangible assets

Software
Software acquired by the Group is measured at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed as incurred.

Software is amortised on a straight line basis in profit or loss over its estimated useful life, from the date that it is available for use. The estimated useful life of software for the current and comparative periods is three to ten years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(r) Non-current assets held for sale
Properties acquired through the enforcement of security over loans and advances to customers are accounted for in accordance with the Directives issued by the Central Bank of Lebanon and the Banking Control Commission.

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and the sale is considered highly probable. They are stated at lower of fair value of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

A reserve is constituted for assets not disposed of within two years of the date of enforcement at an annual rate of 20% or 5%.

The accumulated amortisation is classified under “Reserves” (note 25).

(s) Impairment of non-financial assets
At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, based on the management’s best estimate.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(t) Deposits
Deposits are the Group’s source of debt funding.
Deposits are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

(u) Provisions
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provision is determined using management’s best estimates to the risk specific to the liability.

(v) Financial guarantees and loan commitments
Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

(5) STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2015 and earlier application is permitted; however, the Group has not applied the following new or amended standards in preparing these consolidated financial statements.

(a) IFRS 9 Financial instruments
IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The Groups are currently required to apply phase I of IFRS 9 issued in November 2009 which only addressed the classification and measurement of financial assets. The complete version issued in 2014 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. (It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39). IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

CONSOLIDATED FINANCIAL STATEMENTS CREDITBANK I ANNUAL REPORT 2015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS I 31 DECEMBER 2015

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9. This standard is expected to have a pervasive impact on the Group's consolidated financial statements. In particular, calculation of financial instruments on an expected credit loss basis is expected to result in an increase in the overall level of impairment allowances.

(b) IFRS 15 Revenue from Contracts with Customers
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

The following amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38).
- Annual Improvements to IFRSs 2012–2014 Cycle – various standards.

(6) FINANCIAL RISK MANAGEMENT

(a) Introduction and overview

The Group has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risks
- Operational risks

This note presents information about the Group's objectives, policies and processes for measuring and managing risk.

Risk management framework - Corporate Governance

(i) Board Committees

Board of Directors

The Board is ultimately responsible for the conduct of the Group's affairs. However, for added efficiency, Board Committees may be set up with declared role and responsibilities. The Board Committees should regularly report to the full Board. In addition to the Audit Committee, a Corporate Governance Committee and a Risk Management Committee have been formed.

There is a formal and transparent process for appointments to the Board Committees and their membership is made public on the Group's website. The function, roles, and responsibilities of each Board Committee are set out in terms of reference and shall be published on the Group's website.

Each Board Committee has direct access to appropriate members of the Group's management, in accordance with the provisions of its respective function. A permanent written record of Board Committee discussions, motions, and Directors' votes is kept by the committee secretary.

The Group expects to set up more Board Committees over time. It may also decide to combine the functions of several committees if appropriate or if administratively more convenient.

Audit Committee

In accordance with the requirements and recommendations of the Lebanese Central Bank and Banking Control Commission, in particular the principal circular N°118, the Group has a Board Committee on Audit comprising 3 members. Membership of the Audit Committee shall be disclosed in the annual report.

The Group's policy is that at least one member of the Audit Committee should have accounting or other financial management qualifications and expertise.

The Audit Committee reviews, and reports to the full Board

- the Group's annual financial results prior to publication or distribution;
- the accounting judgments that are intrinsic to the financial statements;
- the accuracy of the financial statements and of the efficiency of the criteria adopted for reporting;
- the Group's internal controls and, in consultation with management and the external auditors, the integrity of the Group's financial reporting processes and controls;
- any significant findings of the external auditors together with management's responses;
- compliance with the Lebanese Central Banks circulars as well as the reports and circulars of the Banking Control Commission;
- the scope, results, and adequacy of the Group's internal and external audits;
- any significant changes to the Group's accounting principles, and any items required to be communicated by the external auditors;
- the objectivity and independency of both external and internal auditors;
- other non-audit work performed by the external auditors so as not to compromise the auditors' objectivity. Such non-audit work is to be disclosed in the annual report.
- the scope of the Audit Committee's work also covers the Bank's subsidiaries in Lebanon and abroad. The Committee shall assist the Board of Directors in fulfilling its duties with regard to overview of the subsidiaries financial statements' soundness and the capital adequacy and financial ratios in such a way as to assess the risks related to the investment, thus allowing the Board of Directors to mitigate such risks.

The Audit Committee has the ability to obtain any information from management and to meet with any manager of the Group.

The Audit Committee has the ability to meet each of the Group's external auditors and its internal auditors, without (other) management being present, at least once a year. The Group considers that a strong and open relationship between the Audit Committee and these two audit functions is critical to the successful functioning of this important governance mechanism.

The Audit Committee ensures a follow-up of the corrective suggestions mentioned in the external and internal audit reports. The Audit Committee ensures the efficiency and sufficiency of the regulations of procedures of the Internal Audit. The Group recognizes that the Audit Committee does not substitute for the responsibilities of the Board of Directors or the Company's management for the supervision and adequacy of the Company's internal control systems.

Corporate Governance Committee
The Board has formed a Corporate Governance Committee to oversee the preparation and amendments of its Code.

The Committee comprises three Directors (including one non-executive Director) as well as the Board's Secretary. Membership of the Committee is disclosed in the annual report and may be published in the Group's website. The Corporate Governance Committee may also supervise compliance with, and enforcement of the Code.

Risk Management Committee
The review of risk management is in the first instance handled by a coherent and comprehensive Risk Management Department.

The Board, on a regular basis, reviews and approves the risk management strategies and policies of the Group. Senior management is responsible for implementing the strategies that have been approved by the Board, and for developing the policies and procedures for managing the various types of risk.

The creation of a Risk Management Board Committee has been proposed by management, and approved by the Board.

The Group considers that the rapid development and increasing sophistication and complexity of risk management requires that the Risk Management Department and later Committee keep fully informed of the developments in the Group's risk management functions. Accordingly, the Committee shall make regular reports to the full Board.

(ii) Bank's Management Committees
The Group operates through a number of committees, set up with clear missions, authorities and responsibilities, as follows:

Executive and Investment Committee
The Executive and Investment Committee is composed of five members; it meets on a monthly basis. The Executive and Investment Committee roles and responsibilities are set as follows:

- To define the strategic orientations of the Group and to submit them to the Board of Directors.
- To periodically set and review Group policies and submit them to the Board of Directors.
- To set targets and define the relevant budget and carry on the follow-up thereof.
- To discuss any new investments including mergers and acquisition, partnership agreements, investments in companies or financial institutions.
- To define Network expansion.
- To validate recommendations and supervise the activity of various Committees.

Asset Liability Committee (ALCO)
The ALCO Committee is composed of five members; it meets on a bi-monthly basis. The main roles and responsibilities of the ALCO Committee are set as follows:

- To define interest rate policies and enforce the application of the assets liability management standards analyze the Group's financial ratios, GAP Review and Analysis.
- To decide on the trading operations and financial instruments, manage placements, deposits and credit lines.
- To review Credit risk, Market Risk, Liquidity Risk, Interest Rate Risk Limits and Reports. All related reports / recommendations will be sent to the Board of Directors.
- To propose to the Executive and Investment Committee market risk limits.
- To ensure the reporting to the Board of Directors through the Executive and Investment Committee.

The Credit Committee
The Credit Committee is composed of four voting members and a fifth non-voting member, it meets weekly. The main roles and responsibilities of the Credit Committee are set as follows:

- To evaluate customer risk and decide on the facilities to grant, as well as the terms and conditions thereof.
- To decide on the transfer of a file to the non-performing loan Committee.
- To propose to the Executive and Investment Committee a credit policy.

The Non-Performing Loans Committee
The Non-Performing Loans Committee is composed of five voting members in addition to one non-voting member, it meets on a semi-annual basis. The Non-Performing Loans Committee main roles and responsibilities are set as follows:

- To review and take decisions on non-performing loans and recommend actions on a going forward basis with respect to the relevant files.
- To follow up on cases handed over to the Legal Department and approve settlements.
- To propose adequate provisions.

The Internal Control Committee
The Internal Control Committee is composed of five voting members and one non-voting member, it meets on a quarterly basis. The main roles and responsibilities of the Internal Control Committee are set as follows:

- To ensure the proper application of procedures and regulations.
- To analyse audit reports and the departments' answers thereto.
- To take adequate decisions and recommend solutions.

The Security Committee
The Security Committee is composed of five voting members and two non-voting members; it meets on a quarterly basis. This Committee's roles and responsibilities are defined in the Banking Control Commission circular N° 222 dated 18 August 2000.

The Anti-Money Laundering/Counter Financing Terrorism Committee
The Anti-Money Laundering/Counter Financing Terrorism Committee is composed of seven members and one non-voting member; it meets on a quarterly basis. Responsibilities of this Committee are as defined in the Central Bank Intermediary Decisions N° 8488 dated 17 September 2003 and N° 10725 dated 21 May 2011.

The Operational Risk Management Committee
The Operational Risk Management Committee is composed of five members, it meets upon request. Its main roles and responsibilities are set as follows:

- To review and approve the operational risk management procedures developed by the Risk Manager and enhance the overall handling of operational risk,
- To ensure the abidance by the Group's operational risk policies and procedure, examine and recommend on the operational risks inherent to the Group's activities, and
- Discuss the risk management operational risk and control assessment process (ORCAP) outcome.

(b) Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers, banks and financial institutions, and investment debt securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure.

For risk management purposes, credit risk arising on trading assets is managed independently.

(i) Settlement risk
The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a counterparty to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions, the Group mitigates this risk by conducting settlements through a settlement / clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval / limit monitoring process described earlier. Acceptance of settlement risk on free settlement trades requires transaction-specific or counterparty-specific approval from the Bank's ALCO Committee.

(ii) Management of credit risk

The Board of Directors has delegated responsibility for the management of individual credit risk to the Credit Committee. A Risk Management Department reporting to the General Manager, is responsible for the management of the Group's Corporate (portfolio) credit risk, in coordination with commercial and credit assessment functions, including:

- Formulating credit policies, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Reviewing and assessing credit risk. The Credit Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies and sectors. The Group's approach to controlling this concentration of exposure is by the diversification of its commitments and by setting limits at level of aggregate of products, economic sectors, region and segments.

CONSOLIDATED FINANCIAL STATEMENTS
CREDITBANK I ANNUAL REPORT 2015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS I 31 DECEMBER 2015

- Developing and maintaining the Group's risk grading in order to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current Internal Rating framework consists of 10 grades (mapped to the Central Bank of Lebanon's 6 grades) reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting the final risk grades lies with the Credit Committee and is subject to regular reviews.
- Reviewing compliance with agreed exposure limits, including those for selected industries, and product types. Regular reports on the credit quality of local portfolios are discussed in ALCO and appropriate corrective action is taken in coordination with Credit Committee.
- Providing advice, guidance to promote best practice throughout the Group in the management of credit risk.

(iii) Grading of credit risk

Each credit officer is required to implement the Group credit policies and procedures, with credit approval authorities delegated from the Board of Directors. Each Credit officer reports on all credit related matters to management and the Group Credit Committee. Each Credit officer is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in his/her portfolios, including those subject to central approval.

Regular audits of Group Credit processes are undertaken by Internal Audit.

To measure the credit risk of loans and advances to customers and to banks at a counterparty level, the Group rates its counterparties according to the six rating classes defined by the Central Bank of Lebanon ("BDL") and the Banking Control Commission of Lebanon ("BCC") requirements as follows:

- Low fair risk / Normal and follow up (grades 1 and 2) – types of loans that are expected to be repaid on a timely and consistent basis; for grade 2, the client file is not complete.
- Watch / Special mention (grade 3) – type of loan that is expected to be repaid but current conditions lead to believe that the probability of repayment would be lowered;
- Substandard (grade 4) – type of loan where the client is witnessing a difficult financial condition and might not be in a position to settle the loan in full;
- Doubtful (grade 5) – type of loan where there is no movement in the clients' balance;
- Bad (grade 6) – type of loan where the probability of repayment is low and almost nil.

The Group has two risk rating systems: a grading system for retail obligors and a credit risk rating system for the commercial portfolio (corporate and SME) – Rating Obligors – ORR and Rating facilities FRR.

Grades are from 1 to 10; 1 being the best and 10 being the worst. To be noted that each risk rating is mapped to the supervisory classification grades.

(iv) Credit quality analysis

The tables below set out information about the credit quality of financial assets and the allowance for impairment / loss held by the Group against those assets.

CONSOLIDATED FINANCIAL STATEMENTS CREDITBANK I ANNUAL REPORT 2015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS I 31 DECEMBER 2015

		Loans and advances to customers and related parties		Due from Central Banks, banks and financial institutions		Investment securities (debt securities)		Lending commitments and financial guarantees	
IN THOUSANDS OF LEBANESE POUND	Note	2015	2014	2015	2014	2015	2014	2015	2014
Maximum exposure to credit risk									
Carrying amount	9,10,11,12	2,539,246,736	2,232,209,471	1,216,291,293	1,208,186,662	985,009,205	828,742,805	–	–
Amount committed / guaranteed		–	–	–	–	–	–	368,004,081	321,965,966
At amortised cost									
Grade 1-2: Low-fair risk		1,890,831,620	1,777,808,117	1,213,716,186	1,205,157,704	877,609,703	618,948,504		
Grade 3: Watch		558,244,449	416,746,671	–	–	–	–		
Grade 4: Substandard		13,121,564	13,359,261	–	–	–	–		
Grade 5: Doubtful		144,854,258	68,430,068	3,066,099	3,109,877	–	–		
Grade 6: Bad		11,675,086	10,179,253	9,276,828	9,283,437	–	–		
Total gross amount		**2,618,726,977**	**2,286,523,370**	**1,226,059,113**	**1,217,551,018**	**877,609,703**	**618,948,504**		
Allowance for impairment (individual and collective)		(79,480,241)	(54,313,899)	(9,767,820)	(9,364,356)	–	–		
Net carrying amount		**2,539,246,736**	**2,232,209,471**	**1,216,291,293**	**1,208,186,662**	**877,609,703**	**618,948,504**		
At fair value through profit or loss									
Grade 1: Low-fair risk		–	–	–	–	107,399,502	209,794,301		
Total carrying amount	12	–	–	–	–	107,399,502	209,794,301		
Off balance sheet									
Maximum exposure									
Lending commitments & financial guarantees									
Grade 1-3: low-fair risk								367,931,096	321,890,528
Grade 5: Impaired								72,985	75,438
Total exposure								**368,004,081**	**321,965,966**

		Loans and advances to customers and related parties		Due from Central Banks, banks and financial institutions		Investment securities (debt securities)		Lending commitments and financial guarantees	
IN THOUSANDS OF LEBANESE POUND	**Note**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Neither past due nor impaired									
Grade 1-2: Low-fair risk		1,887,378,767	1,772,897,047	1,213,716,186	1,205,157,705	985,009,205	828,742,805		
		1,887,378,767	1,772,897,047	1,213,716,186	1,205,157,705	985,009,205	828,742,805		
Past due but not impaired									
Grade 3: Watch		556,428,647	416,675,761	–	–	–	–		
		556,428,647	416,675,761	–	–	–	–		
Individually impaired									
Grade 1-2: Low-fair risk		3,452,853	4,911,070	–	–	–	–		
Grade 3: Watch		1,815,802	70,910	–	–	–	–		
Grade 4: Substandard		13,121,564	13,359,261	–	–	–	–		
Grade 5: Doubtful		144,854,258	68,430,068	3,066,099	3,109,877	–	–		
Grade 6: Bad		11,675,086	10,179,253	9,276,828	9,283,437	–	–		
		174,919,563	96,950,562	12,342,927	12,393,314	–	–		
Total		**2,618,726,977**	**2,286,523,370**	**1,226,059,113**	**1,217,551,019**	**985,009,205**	**828,742,805**		
Allowance for impairment									
Individual		(72,603,316)	(50,916,190)	(9,767,820)	(9,364,356)	–	–		
Collective		(6,876,925)	(3,397,709)	–	–	–	–		
Total allowance for impairment	10,11	**(79,480,241)**	**(54,313,899)**	**(9,767,820)**	**(9,364,356)**	**–**	**–**		

Impaired loans and investment debt securities
The Group regards a loan and advance or a debt security (not carried at fair value through profit or loss) as impaired where there is objective evidence that a loss event has occurred since initial recognition and the loss event has an impact on future estimated cash flows from the asset. Loans that are subject to a collective incurred but not yet reported (IBNR) provision are not considered impaired.

Debt securities carried at fair value through profit or loss are not assessed for impairment but are subject to the same grading.

Set out below is an analysis of the gross and net (of allowances for impairment) amounts of individually impaired assets by risk grade:

	Loans and advances to customers		Banks and financial institutions	
IN THOUSANDS OF LEBANESE POUND	Gross	Net	Gross	Net
31 December 2015				
Grades 1,2 and 3: Performing loans	5,268,655	4,403,713	–	–
Grade 4: Individually impaired	13,121,564	9,873,934	–	–
Grade 5: Individually impaired	144,854,258	88,037,662	3,066,099	2,575,107
Grade 6: Individually impaired	11,675,086	938	9,276,828	–
Total	**174,919,563**	**102,316,247**	**12,342,927**	**2,575,107**
31 December 2014				
Grades 1,2 and 3: Performing loans	4,981,980	4,154,733	–	–
Grade 4: Individually impaired	13,359,261	10,601,807	–	–
Grade 5: Individually impaired	68,430,068	31,276,201	3,109,877	3,028,958
Grade 6: Individually impaired	10,179,253	1,631	9,283,437	–
Total	**96,950,562**	**46,034,372**	**12,393,314**	**3,028,958**

Write-off policy
The Group writes-off a loan or an investment debt security balance, and any related allowances for impairment losses and suspended interest, when the Group's committees determine that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

Loans and investment debt securities that are past due but not impaired
Loans and investment debt that are past due but not impaired are those for which contractual interest or principal payments are past due, but the Group believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Group. The amounts disclosed exclude assets measured at fair value through profit or loss.

Loans with renegotiated terms
The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in 4 (k)(vii).

Debt securities
Debt securities held by the Group consist of Lebanese treasury bills and Eurobonds issued by the Lebanese Government and certificates of deposits issued by Central Bank of Lebanon. These securities are rated B-based on rating agency Standard & Poor's.

(v) Collateral held and other credit enhancements

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and updated regularly. Collateral generally is held over banks and financial institutions in cases of LCs confirmations but not held over investment securities, and no such collateral was held at 31 December 2015 or 2014.

An estimate made at the time of borrowing and as at year end of the fair value of collateral and other security enhancements held against loans and advances to customers is shown below:

Loans and advances to customers

	Fair value of collateral at inception (for the Group)		Fair Value of collateral at year end	
IN THOUSANDS OF LEBANESE POUND	**2015**	**2014**	**2015**	**2014**
Against impaired				
Mortgaged property	13,572,609	12,026,971	21,758,201	17,502,247
Equities	525,274	514,991	255,800	262,437
Other including cash	4,762,051	4,662,689	4,762,051	4,662,689
Against substandard				
Mortgaged property	13,709,844	12,444,646	40,975,923	15,302,375
Other including cash	2,259,729	2,246,914	2,259,729	2,246,914
Against regular loans and advances				
Mortgaged property	1,173,641,735	1,030,836,499	2,228,668,250	1,793,139,563
Debt securities	14,096,108	4,505,954	11,324,742	15,198,080
Equities	71,022,301	60,811,389	49,315,617	48,373,812
Other including cash	383,871,671	312,809,680	356,675,356	359,911,088
Total	**1,677,461,322**	**1,440,859,733**	**2,715,995,669**	**2,256,599,205**

Residential mortgage lending

The table below stratifies credit exposures from mortgage loans and advances to retail customers by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan – or the amount committed for loan commitments – to the value of the collateral. The gross amounts exclude any impairment allowances. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of the collateral for residential mortgage loans is based on the collateral value at origination updated based on changes in house price indices.

IN MILLIONS OF LEBANESE POUND	**2015**	**2014**
Loan to value (LTV) ratio		
Less than 50%	74,329,102	66,133,789
51% to 70%	75,706,663	64,175,048
71% to 90%	43,556,569	34,778,776
91% to 100%	5,132,725	7,976,618
More than 100%	45,211,884	17,433,026
Total	**243,936,943**	**190,497,257**

Loans and advances to corporate customers

The general creditworthiness of a corporate customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Group generally requests that corporate borrowers provide it. The Group may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees.

Because of the Group's focus on corporate customer's creditworthiness, the Group does also routinely update the valuation of the collateral held against all loans to corporate customers. Valuation of collateral is also updated when the credit risk of a loan deteriorates significantly as the loan is monitored more closely. The Group obtains appraisals of collateral because current value of the collateral is an input to the impairment measurement.

(vi) Concentration of credit risk by sector and by location

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk from loans and advances, lending commitments, financial guarantees and investment securities at the reporting date is shown below:

		Due from Central Banks, banks and financial institutions		Loans and advances to customers and related parties		Investment securities (debt securities)		Lending commitments and financial guarantees	
IN THOUSANDS OF LEBANESE POUND	**Note**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Carrying amount	8, 9, 10, 35	**1,216,291,293**	**1,208,186,662**	**2,539,246,736**	**2,232,209,471**	**985,009,205**	**828,742,805**	**368,004,081**	**321,965,966**
Concentration by sector									
Corporate		–	–	1,898,249,251	1,478,644,244	5,977,134	6,821,702	311,002,551	236,495,552
Sovereign		1,039,627,926	993,816,498	–	–	979,032,071	821,921,103	–	–
Bank		176,663,367	214,370,164	–	–	–	–	13,574,398	7,650,007
Retail		–	–	640,997,485	753,565,227	–	–	43,427,132	77,820,407
		1,216,291,293	**1,208,186,662**	**2,539,246,736**	**2,232,209,471**	**985,009,205**	**828,742,805**	**368,004,081**	**321,965,966**
Concentration by location									
Lebanon		1,076,708,131	1,048,314,481	2,030,399,272	1,832,590,669	972,302,808	821,087,608	348,326,172	299,230,220
North America		41,145,000	42,235,000	26,259,000	1,718,000			816,582	198,493
Europe		93,546,162	112,480,000	317,382,464	287,369,447	12,706,397	7,655,197	7,055,148	17,734,643
Asia Pacific		125,000	14,000	268,000	1,934,000	–	–	39,538	39,538
Middle East and Africa		3,086,000	5,032,181	164,713,000	108,597,355	–	–	11,735,841	4,763,072
Australia		1,681,000	111,000	225,000	–	–	–	30,800	–
	8, 9, 10, 35	**1,216,291,293**	**1,208,186,662**	**2,539,246,736**	**2,232,209,471**	**985,009,205**	**828,742,805**	**368,004,081**	**321,965,966**

Concentration by location for loans and advances and for lending commitments and financial guarantees is based on the customer's country of utilisation. Concentration by location for investment securities is based on the country of domicile of the issuer of the security.

Some SME related Loans and advances were previously classified under the Retail portfolio. In 2015, the Group reclassified these SME related loans and advances from the Retail to the Corporate portfolio.

Cash and cash equivalents

The Group held cash and cash equivalents of LBP 242,472,809 thousand at 31 December 2015 (2014: LBP 400,870,270 thousand) which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with Central Banks. In addition, cash and cash equivalents include cash held also with reputable banks and financial institutions.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

(i) Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Treasury Department receives information regarding the liquidity profile of financial assets and financial liabilities. The Treasury Department then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, deposits with banks and financial institutions and other facilities, to ensure that sufficient liquidity is maintained within the Group.

The daily liquidity position is monitored. All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports cover the liquidity position of the Group as a whole.

The Group relies on deposits from customers and banks as its primary sources of funding. Deposits from customers and banks and financial institutions generally have short maturities. The short-term nature of these deposits increases the Group's liquidity risk and the Group actively manages this risk through maintaining high quality service and constant monitoring of market trends.

CONSOLIDATED FINANCIAL STATEMENTS CREDITBANK I ANNUAL REPORT 2015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS I 31 DECEMBER 2015

(ii) Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and investment debt securities for which there is an active and liquid market less any deposits from banks and financial institutions, other borrowings and commitments maturing within the following month.

A similar, but not identical, calculation is used to measure the Group's compliance with the liquidity limit established by the Central Bank of Lebanon and the Lebanese Banking Control Commission.

Details of the reported Bank ratio of net liquid assets to customers' deposits at the reporting date and during the reporting period were as follows:

IN THOUSANDS OF LEBANESE POUND	2015	2014
At 31 December	39.68%	39.36%

CONSOLIDATED FINANCIAL STATEMENTS CREDITBANK I ANNUAL REPORT 2015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS I 31 DECEMBER 2015

(iii) Maturity analysis for financial assets and liabilities

The tables below set out the remaining contractual maturities of the Group's financial assets and financial liabilities.

IN THOUSANDS OF LEBANESE POUND	Note	Carrying amount	Gross nominal inflow / (outflow)	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
31 December 2015								
Non-derivative liabilities								
Due to banks and financial institutions	18	242,189,464	(287,455,633)	(61,949,449)	(13,883,189)	(52,959,743)	(42,417,892)	(116,245,360)
Deposits from customers and related parties	19	4,261,463,870	(4,342,290,987)	(3,062,554,635)	(328,623,647)	(731,475,881)	(199,251,892)	(20,384,932)
		4,503,653,334	**(4,629,746,620)**	**(3,124,504,084)**	**(342,506,836)**	**(784,435,624)**	**(241,669,784)**	**(136,630,292)**
Non-derivative assets								
Cash and balances with the Central Banks	9	1,086,448,811	1,365,181,118	268,600,593	15,740,891	55,608,379	383,557,234	641,674,021
Banks and financial institutions	10	176,663,367	176,734,983	174,864,770	14,277	67,817	1,780,248	7,871
Loans and advances to customers and related parties	11	2,539,246,736	3,644,576,915	529,282,512	121,644,623	499,590,203	1,158,870,599	1,335,188,978
Investment securities	12	990,388,821	2,384,136,355	8,027,919	13,401,683	80,599,147	164,581,173	2,117,526,433
Shares acquired in settlement of debt at fair value through profit or loss	13	89,987,161	89,987,161	–	–	–	89,987,161	–
		4,882,734,896	**7,660,616,532**	**980,775,794**	**150,801,474**	**635,865,546**	**1,798,776,415**	**4,094,397,303**
31 December 2014								
Non-derivative liabilities								
Due to banks and financial institutions	18	222,296,329	(248,301,541)	(65,969,535)	(23,524,656)	(50,012,250)	(39,387,121)	(69,407,979)
Deposits from customers and related parties	19	3,920,746,436	(3,991,782,874)	(2,789,127,116)	(353,119,302)	(622,383,547)	(217,053,293)	(10,099,616)
		4,143,042,765	**(4,240,084,415)**	**(2,855,096,651)**	**(376,643,958)**	**(672,395,797)**	**(256,440,414)**	**(79,507,595)**
Non-derivative assets								
Cash and balances with the Central Banks	9	1,035,937,735	1,299,341,834	273,013,506	11,063,412	74,854,616	322,983,521	617,426,779
Banks and financial institutions	10	214,370,163	214,589,665	211,399,070	788,401	1,959,364	271,950	170,880
Loans and advances to customers and related parties	11	2,232,209,471	3,323,216,894	368,981,945	114,567,542	429,772,132	1,082,726,335	1,327,168,940
Investment securities	12	834,040,743	1,859,900,547	17,312,793	9,693,840	44,147,282	150,431,895	1,638,314,737
Shares acquired in settlement of debt at fair value through profit or loss	13	83,338,523	83,338,523	–	–	–	83,338,523	–
		4,399,896,635	**6,780,387,463**	**870,707,314**	**136,113,195**	**550,733,394**	**1,639,752,224**	**3,583,081,336**

The above table shows the undiscounted cash flows on the Group's financial assets and liabilities on the basis of their earliest possible contractual maturity.

The Group's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. The principal differences are as follows:

- Demand deposits from customers are expected to remain stable or increase;
- Unrecognised loan commitments are not all expected to be drawn down immediately; and
- Retail mortgage loans have an original contractual maturity between 20 and 25 years but an earlier maturity because some customers might take advantage of early repayment options.

As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and balances with the Central Bank of Lebanon, banks and financial institutions, and investment securities for which there is an active and liquid market so that they can be readily sold to meet liquidity requirements. In addition, the Group maintains agreed lines of credit with banks.

CONSOLIDATED FINANCIAL STATEMENTS CREDITBANK I ANNUAL REPORT 2015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS I 31 DECEMBER 2015

(d) Market risks

Market risk is the risk that changes in market prices, such as interest rates, equity prices, and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of Group's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Group's solvency, while optimising the return on risk.

(i) Management of market risks

Overall authority for market risk is vested in ALCO.

(ii) Exposure to market risk – Non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for reprising bands. ALCO is the monitoring body for compliance with these limits and the Risk Management is monitoring these limits monthly.

A summary of the Group's interest rate gap position on non-trading portfolios is as follows:

IN THOUSANDS OF LEBANESE POUND	Note	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Non bearing interest
31 December 2015								
Cash and balances with the Central Banks	9	1,086,448,811	343,773,671	25,024,410	6,030,000	20,000,000	442,937,500	248,683,230
Banks and financial institutions	10	176,663,367	30,482,127	–	–	363,479	–	145,817,761
Loans and advances to customers and related parties	11	2,539,246,736	1,763,790,653	22,857,000	61,572,000	350,080,000	239,477,000	101,470,083
Investment securities - debt securities	12	877,609,703	90,598	–	20,255,881	9,295,544	827,381,369	20,586,311
		4,679,968,617	**2,138,137,049**	**47,881,410**	**87,857,881**	**379,739,023**	**1,509,795,869**	**516,557,385**
Due to banks and financial institutions	18	(242,189,464)	(64,776,000)	(25,584,000)	(22,109,000)	(12,917,000)	(109,565,000)	(7,238,464)
Deposits from customers and related parties	19	(4,261,463,870)	(3,127,869,870)	(335,025,000)	(364,257,000)	(180,265,000)	(13,930,000)	(240,117,000)
		(4,503,653,334)	**(3,192,645,870)**	**(360,609,000)**	**(386,366,000)**	**(193,182,000)**	**(123,495,000)**	**(247,355,464)**
		176,315,283	**(1,054,508,821)**	**(312,727,590)**	**(298,508,119)**	**186,557,023**	**1,386,300,869**	**269,201,921**
31 December 2014								
Cash and balances with the Central Banks	9	1,035,937,735	35,813,180	6,570,060	45,761,235	265,453,716	427,862,500	254,477,044
Banks and financial institutions	10	214,370,163	49,262,090	1,909,301	–	67,082	375,910	162,755,780
Loans and advances to customers and related parties	11	2,232,209,471	1,549,584,634	22,621,000	67,121,000	343,288,000	209,623,000	39,971,837
Investment securities - debt securities	12	618,948,504	12,351,748	–	–	30,785,515	559,688,239	16,123,002
		4,101,465,873	**1,647,011,652**	**31,100,361**	**112,882,235**	**639,594,313**	**1,197,549,649**	**473,327,663**
Due to banks and financial institutions	18	(222,296,329)	(63,574,000)	(23,561,000)	(20,533,000)	(14,937,000)	(73,230,849)	(26,460,480)
Deposits from customers and related parties	19	(3,920,746,436)	(2,888,830,097)	(230,322,000)	(366,045,000)	(199,675,000)	(6,101,000)	(229,773,339)
		(4,143,042,765)	**(2,952,404,097)**	**(253,883,000)**	**(386,578,000)**	**(214,612,000)**	**(79,331,849)**	**(256,233,819)**
		(41,576,892)	**(1,305,392,445)**	**(222,782,639)**	**(273,695,765)**	**424,982,313**	**1,118,217,800**	**217,093,844**

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and financial liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 200bp. The following is an analysis of the Group's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position:

IN THOUSANDS OF LEBANESE POUND	Change in bp	Sensitivity of net interest income	Sensitivity of Tier I and Tier II (EVE)
31 December 2015			
LBP	+200	-15.84%	-46.68%
USD	+200	-4.98%	-8.81%
EUR	+200	0.81%	0.10%
31 December 2014			
LBP	+200	-18.00%	-51.14%
USD	+200	-11.32%	-18.31%
EUR	+200	0.26%	-0.70%

Overall interest rate risk positions are managed by Risk Management, which uses investment securities, advances to banks, deposits from banks to manage the overall position arising from the Bank's activities.

(iii) Exposure to currency risks – Non-trading portfolios

The Group is subject to currency risk on financial assets and liabilities denominated in currencies other than the Group's functional currency, which is the Lebanese Pound (LBP). Most of these financial assets and liabilities are denominated in US Dollars or Euros. The following is an analysis of the Group's sensitivity to a change in currency rates, assuming all other variables remain constant:

IN THOUSANDS OF LEBANESE POUND	Increase in currency rate	Effect on profit before tax	Effect on Tier I and Tier II
31 December 2015			
USD	1%	-0.0511%	-0.0082%
EUR	1%	0.0043%	0.0007%
GBP	1%	-0.0002%	0.0000%
CAD	1%	-0.0121%	-0.0020%
CHF	1%	0.0000%	0.0000%
31 December 2014			
USD	1%	0.0781%	0.0123%
EUR	1%	-0.0304%	-0.0048%
GBP	1%	0.0000%	0.0000%
CAD	1%	0.0001%	0.0000%
CHF	1%	0.0000%	0.0000%

(iv) Exposure to foreign currency exchange risk
The Group monitors any concentration risk in relation to any individual currency in regard to the translation of foreign currency transactions and monetary assets and liabilities into the functional currency of the Group, and with regard to the translation of foreign operations into the presentation currency of the Group.

The following table presents the breakdown of assets and liabilities by currency:

	31 December 2015			31 December 2014		
IN THOUSANDS OF LEBANESE POUND	LBP	C/V LBP	Total	LBP	C/V LBP	Total
Assets						
Cash and balances with Central Banks	455,996,476	630,452,335	1,086,448,811	403,246,948	632,690,787	1,035,937,735
Banks and financial institutions	5,164,527	171,498,840	176,663,367	2,664,403	211,705,760	214,370,163
Loans and advances to customers and related parties	782,028,566	1,757,218,170	2,539,246,736	654,619,062	1,577,590,409	2,232,209,471
Investment securities	896,633,794	93,755,027	990,388,821	799,605,836	34,434,907	834,040,743
Shares acquired in settlement of debt at fair	–	89,987,161	89,987,161	–	83,338,523	83,338,523
Property and equipment	54,023,978	22,650,095	76,674,073	49,483,326	23,336,318	72,819,644
Intangible assets	190,433	1,059,888	1,250,321	109,058	849,540	958,598
Other assets	2,945,019	19,981,649	22,926,668	4,218,188	18,622,973	22,841,161
Non-current assets held for sale	–	15,144,313	15,144,313	–	15,871,603	15,871,603
Goodwill	–	9,728,373	9,728,373	–	9,728,373	9,728,373
Total assets	**2,196,982,793**	**2,811,475,851**	**5,008,458,644**	**1,913,946,821**	**2,608,169,193**	**4,522,116,014**
Liabilities and equity						
Due to banks and financial institutions	106,622,390	135,567,074	242,189,464	76,844,164	145,452,165	222,296,329
Deposits from customers and related parties	1,771,266,068	2,490,197,802	4,261,463,870	1,605,811,867	2,314,934,569	3,920,746,436
Current tax liabilities	4,840,000	–	4,840,000	3,453,200	–	3,453,200
Other liabilities	17,554,017	54,433,105	71,987,122	17,414,044	40,952,330	58,366,374
Provisions	6,825,918	42,309	6,868,227	311,432	128,821	440,253
Share capital - common shares	112,119,150	–	112,119,150	55,525,678	–	55,525,678
Share capital - preferred shares	47,500,000	–	47,500,00	18,200,000	–	18,200,000
Share premium - common shares	17,273,587	–	17,273,587	–	–	–
Share premium - preferred shares	–	95,712,499	95,712,499	–	87,324,999	87,324,999
Cash contribution to capital	–	10,854,000	10,854,000	–	10,854,000	10,854,000
Reserves	78,655,292	30,152,031	108,807,323	126,307,168	8,069,127	134,376,295
Non-distributable retained earnings	8,883,426	–	8,883,426	247,913	–	247,913
Retained earnings	53,296,369	(11,584,546)	41,711,823	41,341,212	(12,186,477)	29,154,735
Translation reserve	–	(21,789,768)	(21,789,768)	–	(18,898,531)	(18,898,531)
Non-controlling interest	37,921	–	37,921	28,333	–	28,333
Total liabilities and equity	**2,224,874,138**	**2,783,584,506**	**5,008,458,644**	**1,945,485,011**	**2,576,631,003**	**4,522,116,014**

(e) Operational risks
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

Operational Risk Management (ORM) at the Group is a continuous process comprising six stages of identical importance: Risk Identification, Risk Assessment, Control Analysis, Mitigation Decision, Mitigation Implementation, and Supervision and Review.

Historical loss data is being collected and analysed and Key Risk Indicators (KRIs) are being identified. Risk and Control Self-Assessment (RCSA) is being conducted for all organisation units' processes.

(f) Capital management

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

- To comply with the capital requirements set by the regulators of the banking markets where the Group operates;
- To apply mitigation techniques that may help lower the capital charge;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on the guidelines issued by the Central Bank of Lebanon (in line with the guidelines issued by the Basel Committee). The required information is filed with the authority on a semi-annual basis.

The Group maintains a ratio of total regulatory capital to its risk-weighted assets (the 'Basel Ratio') above the minimum level set by the Central Bank of Lebanon.

The Group's total risk weighted assets and regulatory capital adequacy ratio at 31 December were as follows:

IN THOUSANDS OF LEBANESE POUND	2015	2014
Credit risk	2,719,389,781	2,448,686,007
Market risk	90,749,891	122,189,998
Operational risk	241,798,738	204,873,870
Total risk weighted assets	**3,051,938,410**	**2,775,749,875**

	2015	2014
Capital adequacy ratio	12.79%	10.45%

To monitor the adequacy of its capital, the Group uses ratios established by the Bank for International Settlements (BIS). In line with Basel III and Central Bank of Lebanon Basic Circular no.44 amended by the Central Bank of Lebanon Intermediary Circular no. 282, the minimum requirements for capital adequacy ratios are set at 8% by the BIS and 11.5% by the Central Bank of Lebanon at the end of year 2014 to reach 12% at the end of year 2015. These ratios measure capital by comparing the Group's eligible capital with its consolidated statement of financial position, off-statement of financial position commitments and market and operational risk positions at weighted amounts to reflect their relative risk.

Following the sharp devaluation of the Russian Rouble and the Armenian Drams, the loss of exchange resulting from the Group investment in Russia and Armenia and accounted for under Shareholders Equity as "translation reserve" increased from LBP 6,786,059 as of 31 December 2013 to LBP 18,898,529 thousands as of 31 December 2014, of which LBP 9,282,000 thousands in November and December 2014 which impacted negatively the capital adequacy ratio of the Group that dropped to 10.45% by the end of 2014.

To remedy to this drop, the Extraordinary General Assembly of shareholders resolved on 20 February 2015 to issue 250,000 non-cumulative perpetual preferred shares (Series 5) with a nominal value of LBP 26,000 each at an issue price of LBP 150,750 (USD 100 per share) totalling USD 25 million. The said issuance was successfully concluded on 9 May 2015.

As a consequence of this capital increase, the capital adequacy ratio of the Group again exceeded the regulatory minimum requirements.

The market risk approach covers the risk of open positions in currencies and debt and equity securities. Assets are weighted according to broad categories of notional risk, being assigned a risk weighting according to the level of risk necessary to support them.

Off-statement of financial position credit instruments are taken into account by applying different categories of conversion factors, designed to convert these items into statement of financial position equivalents. The resulting equivalent amounts are then weighted for risk using the same percentages as for assets in the statement of financial position.

In accordance with the Central Bank of Lebanon basic circular no. 43, the Group's capital is constituted of the following:

- Tier 1 capital, which includes ordinary share capital, cash contribution to capital, preferred shares, share premium, retained earnings after deduction of dividends to be distributed, capital reserves after deductions of intangible assets and 100% of unrealized losses on equity instruments measured at fair value through other comprehensive income, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes 50% of the fair value reserve relating to unrealised gains on equity instruments measured at fair value through other comprehensive income.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence. The Group has changed its capital structure; refer to note 22.

IN THOUSANDS OF LEBANESE POUND	2015	2014
Tier 1 capital		
Share capital	159,619,150	73,725,678
Cash contribution to capital	10,854,000	10,854,000
Share premium	112,986,086	87,324,999
Capital reserves	98,935,032	125,184,091
Other reserve	(21,789,768)	(18,898,529)
Non-distributable retained earnings	8,883,426	247,913
Retained Earnings	31,733,977	22,213,857
Non-controlling interest	37,921	28,333
Less:		
Goodwill	(9,728,373)	(9,728,373)
Intangible assets	(1,250,321)	(958,598)
100% Fair value reserve of financial assets at FVTOCI - loss	(123,615)	(106,430)
	390,157,515	**289,886,941**
Tier 2 capital		
50% Fair value reserve of financial assets through OCI - gain	65,652	192,702
	65,652	192,702
Total regulatory capital	**390,223,167**	**290,079,643**

(7) FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Bank determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Group's accounting policy on fair value measurement is discussed under note 4 (k)(vi).

(a) Valuation models

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, bond and equity prices and foreign currency exchange rates.

The objective of valuation techniques is to arrive at a fair value measurment that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity security exchange-traded derivatives and simple over the counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

(b) Financial instruments measured at fair value – fair value hierarchy

The table below analyses financial instruments measured at fair value at the end of the reporting year, by the level in the fair value hierarchy into which the fair value measurement is categorised:

IN THOUSANDS OF LEBANESE POUND	Level 1	Level 2	Level 3	Total
31 December 2015				
Financial instruments at fair value through profit or loss	34,805,647	73,946,844	–	108,752,491
Financial instruments at fair value through other comprehensive income	828,675	3,082,928	115,024	4,026,627
Shares acquired in settlement of debt at fair value through profit or loss	–	89,987,161	–	89,987,161
	35,634,322	**167,016,933**	**115,024**	**202,766,279**
31 December 2014				
Financial instruments at fair value through profit or loss	87,757,936	123,403,636	–	211,161,572
Financial instruments at fair value through other comprehensive income	775,433	3,037,999	117,235	3,930,667
Shares acquired in settlement of debt at fair value through profit or loss	–	83,338,523	–	83,338,523
	88,533,369	**209,780,158**	**117,235**	**298,430,762**

(c) Financial instruments not measured at fair value

IN THOUSANDS OF LEBANESE POUND	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
31 December 2015					
Financial assets					
Cash and balances with Central Banks	46,820,884	1,039,627,927	–	1,086,448,811	1,086,448,811
Banks and financial institutions	–	176,663,367	–	176,663,367	176,663,367
Loans and advances to customers and related parties	–	2,609,092,075	225,769	2,609,317,844	2,539,246,736
Investment securities at amortised cost	40,843,729	863,892,252	–	904,735,981	877,609,703
	87,664,613	**4,689,275,621**	**225,769**	**4,777,166,003**	**4,679,968,617**
Financial liabilities					
Due to banks and financial institutions	–	242,189,464	–	242,189,464	242,189,464
Deposits from customers and related parties	4,030,371	4,270,825,547	–	4,274,855,918	4,261,463,870
	4,030,371	**4,513,015,011**	**–**	**4,517,045,382**	**4,503,653,334**

IN THOUSANDS OF LEBANESE POUND	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
31 December 2014					
Financial assets					
Cash and balances with Central Banks	42,121,236	993,816,499	–	1,035,937,735	1,035,937,735
Banks and financial institutions	–	214,370,163	–	214,370,163	214,370,163
Loans and advances to customers and related parties	–	2,328,539,720	220,019	2,328,759,739	2,232,209,471
Investment securities at amortised cost	13,783,242	609,340,906	–	623,124,148	618,948,504
	55,904,478	**4,146,067,288**	**220,019**	**4,202,191,78**	**4,101,465,873**
Financial liabilities					
Due to banks and financial institutions	–	222,296,329	–	222,296,329	222,296,329
Deposits from customers and related parties	–	3,926,424,092	5,957,416	3,932,381,508	3,920,746,436
	–	**4,148,720,421**	**5,957,416**	**4,154,677,837**	**4,143,042,765**

(8) CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below provides reconciliation between line items in the consolidated statement of financial position and categories of financial instruments:

IN THOUSANDS OF LEBANESE POUND	Note	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount
31 December 2015					
Cash and balances with the Central Banks	9	–	–	1,086,448,811	1,086,448,811
Banks and financial institutions	10	–	–	176,663,367	176,663,367
Loans and advances to customers and related parties	11	–	–	2,539,246,736	2,539,246,736
Investment securities	12	108,752,491	4,026,627	877,609,703	990,388,821
Shares acquired in settlement of debt at fair value through profit or loss	13	89,987,161	–	–	89,987,161
		198,739,652	**4,026,627**	**4,679,968,617**	**4,882,734,896**
Due to banks and financial institutions	18	–	–	242,189,464	242,189,464
Deposits from customers and related parties	19	–	–	4,261,463,870	4,261,463,870
		–	**–**	**4,503,653,334**	**4,503,653,334**

IN THOUSANDS OF LEBANESE POUND	Note	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount
31 December 2014					
Cash and balances with the Central Banks	9	–	–	1,035,937,735	1,035,937,735
Banks and financial institutions	10	–	–	214,370,163	214,370,163
Loans and advances to customers and related parties	11	–	–	2,232,209,471	2,232,209,471
Investment securities	12	211,161,572	3,930,667	618,948,504	834,040,743
Shares acquired in settlement of debt at fair value through profit or loss	13	83,338,523	–	–	83,338,523
		294,500,095	**3,930,667**	**4,101,465,873**	**4,399,896,635**
Due to banks and financial institutions	18	–	–	222,296,329	222,296,329
Deposits from customers and related parties	19	–	–	3,920,746,436	3,920,746,436
		–	**–**	**4,143,042,765**	**4,143,042,765**

CONSOLIDATED FINANCIAL STATEMENTS CREDITBANK I ANNUAL REPORT 2015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS I 31 DECEMBER 2015

(9) CASH AND BALANCES WITH CENTRAL BANKS

IN THOUSANDS OF LEBANESE POUND	2015	2014
Cash	46,820,885	42,121,236
Unrestricted balances with the Central Banks	522,126,683	509,235,142
Compulsory reserves held with Central Banks	502,566,126	470,071,439
Interest receivable	14,935,117	14,509,918
	1,086,448,811	**1,035,937,735**

In application of the Central Bank of Lebanon basic circular number 84, banks in Lebanon are required to constitute a compulsory reserve in local currency representing 15% of the weekly average of term deposits and 25% of the weekly average of current and call deposits in Lebanese Pound, and compulsory reserve in foreign currency representing 15% of their deposits in foreign currencies. The Group also maintains an obligatory minimum reserve deposits with the Central Bank of Armenia equal to 2% of certain obligations of the Anelik Bank CJSC denominated in Armenian Drams and 20% on certain obligations of Anelik Bank CJSC denominated in foreign currencies. Additionally, a minimum restricted reserve deposits is also maintained with the Central Bank of Russia and is a non-interest bearing deposit.

Restricted balances held with Central Banks are not available for use in the Group's day-to-day operations.

(10) BANKS AND FINANCIAL INSTITUTIONS

IN THOUSANDS OF LEBANESE POUND	2015	2014
Current accounts	146,299,041	161,080,473
Money market placements	36,013,023	58,436,024
Cash collateral	4,093,494	4,190,330
Interest receivable	25,629	27,692
Allowance for impairment	(9,767,820)	(9,364,356)
	176,663,367	**214,370,163**

(11) LOANS AND ADVANCES TO CUSTOMERS AND RELATED PARTIES

IN THOUSANDS OF LEBANESE POUND	Gross amount	Impairment allowance 2015	Carrying amount	Gross amount	Impairment allowance 2014	Carrying amount
Retail customers:						
Mortgage lending	243,936,943	(410,774)	243,526,169	190,497,257	(124,556)	190,372,701
Personal loans	388,107,135	(12,500,595)	375,606,540	560,252,851	(20,047,411)	540,205,440
Credit cards	22,262,432	(1,362,243)	20,900,189	23,444,170	(1,799,584)	21,644,586
Other	983,611	(19,022)	964,589	1,358,412	(15,912)	1,342,500
	655,290,121	**(14,292,634)**	**640,997,487**	**775,552,690**	**(21,987,463)**	**753,565,227**
Corporate customers:						
Secured lending	1,350,864,739	(50,641,165)	1,300,223,574	982,305,154	(20,535,370)	961,769,784
Other lending	612,572,117	(14,546,442)	598,025,675	528,665,526	(11,791,066)	516,874,460
	1,963,436,856	**(65,187,607)**	**1,898,249,249**	**1,510,970,680**	**(32,326,436)**	**1,478,644,244**
	2,618,726,977	**(79,480,241)**	**2,539,246,736**	**2,286,523,370**	**(54,313,899)**	**2,232,209,471**

CONSOLIDATED FINANCIAL STATEMENTS CREDITBANK I ANNUAL REPORT 2015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS I 31 DECEMBER 2015

(a) Allowances for impairment – Movement

IN THOUSANDS OF LEBANESE POUND	2015	2014
Specific allowance for impairment		
Balance at 1 January	50,916,190	32,224,508
Impairment loss and suspended interest		
Charge for the year	17,172,893	13,512,566
Transfer from collective provision	–	1,512,485
Provision written back	(567,459)	3,109,162
Suspended interest written back	(255,737)	(769,589)
Suspended interest during the year	7,059,323	6,190,759
Write-offs resulting from settlements	(1,218,081)	(3,434,062)
Difference of exchange	(503,813)	(1,429,639)
Balance at 31 December	**72,603,316**	**50,916,190**

Collective allowance for impairment	2015	2014
Balance at 1 January	3,397,709	4,500,418
Impairment loss for the year		
Charge for the year	2,879,870	679,109
Provision written back	4,651,028	–
Transfer to specific	–	(1,512,485)
Write-offs resulting from settlements	(4,027,688)	–
Difference of exchange	(23,994)	(269,333)
Balance at 31 December	**6,876,925**	**3,397,709**
Total allowance for impairment	**79,480,241**	**54,313,899**

(b) Net impairment loss on loans and advances to customers recognised in profit or loss

IN THOUSANDS OF LEBANESE POUND	2015	2014
Provisions written back	1,092,958	589,050
Loans directly written off from profit or loss	(54,532)	(163,428)
Charge for the year - specific provision	(17,172,893)	(13,512,566)
Charge for the year - collective provision	(2,879,870)	(679,109)
	(19,014,337)	**(13,766,053)**

Loans and advances to related parties are disclosed in note 36.

(12) INVESTMENT SECURITIES

IN THOUSANDS OF LEBANESE POUND	2015	2014
Financial assets at fair value through profit or loss (a)	108,752,491	211,161,572
Financial assets at fair value through other comprehensive income(b)	4,026,627	3,930,667
Investment securities at amortised cost (c)	877,609,703	618,948,504
	990,338,821	**834,040,743**

(a) Investment securities at fair value through profit or loss

IN THOUSANDS OF LEBANESE POUND	2015	2014
Government treasury bills and eurobonds	57,964,556	23,356,561
Certificates of deposit	44,736,27	181,817,334
Funds	2,638,125	1,884,375
Interest receivable	2,060,548	2,736,031
Debt securities	**107,399,502**	**209,794,301**
Equity securities	**1,352,989**	**1,367,271**
	108,752,491	**211,161,572**

(b) Investment securities at fair value through other comprehensive income

IN THOUSANDS OF LEBANESE POUND	2015	2014
Equity securities	**4,026,627**	**3,930,667**

(c) Investment securities at amortised cost

IN THOUSANDS OF LEBANESE POUND	2015	2014
Government treasury bills and eurobonds	49,090,779	51,565,464
Corporate bonds and bonds issued by international organisations	656,029	–
Securities pledged under repurchase agreements	1,199,968	7,336,746
Certificates of deposit	803,457,399	539,401,553
Funds	2,636,890	4,522,500
Interest receivable	20,568,638	16,122,241
Debt securities	**877,609,703**	**618,948,504**

(13) SHARES ACQUIRED IN SETTLEMENT OF DEBT AT FAIR VALUE THROUGH PROFIT OR LOSS

During the year 2014, the Group acquired 2,113,194 shares in IBL Bank SAL (representing 10.83% of its share capital) as a settlement of debt amounting to USD 49,500 thousand related to a corporate client.

The Central Bank of Lebanon has approved the amount of such acquisition on 5 June 2014. Subsequently, the Group has revalued those shares and has increased the investment value by the amount of revaluation surplus. The Group should dispose of those shares within a period of two years from the date of acquisition.

IN THOUSANDS OF LEBANESE POUND	2015	2014
2,113,194 shares of “IBL Bank S.A.L”	89,987,161	83,338,523

(14) PROPERTY AND EQUIPMENT

IN THOUSANDS OF LEBANESE POUND	Land and buildings	Furniture and equipment	Work in progress	Total
Cost				
Balance at 1 January 2014	45,613,945	43,170,265	13,262,454	102,046,664
Additions	10,014	1,998,072	7,663,157	9,671,243
Disposals	–	(942,824)	–	(942,824)
Transfers	1,677,147	6,520,651	(8,197,798)	–
Adjustment	–	(40,917)	(87,802)	(128,719)
Effects of movement in exchange rates	(2,443,683)	(2,453,296)	–	(4,896,979)
Balance at 31 December 2014	**44,857,423**	**48,251,951**	**12,640,011**	**105,749,385**
Balance at 1 January 2015	44,857,423	48,251,951	12,640,011	105,749,385
Additions	8,796	1,283,860	7,765,233	9,057,889
Disposals	–	(1,226,883)	–	(1,226,883)
Transfers	11,210,042	5,346,565	(16,556,607)	–
Adjustment	–	–	(363,762)	(363,762)
Effects of movement in exchange rates	(258,944)	(510,679)	–	(769,623)
Balance at 31 December 2015	**55,817,317**	**53,144,814**	**3,484,875**	**112,447,006**
Accumulated Depreciation				
Balance at 1 January 2014	7,614,087	23,885,541	–	31,499,628
Depreciation for the year	881,566	3,342,709	–	4,224,275
Disposals	–	(711,153)	–	(711,153)
Adjustment	–	(16,441)	–	(16,441)
Effects of movement in exchange rates	(297,196)	(1,769,372)	–	(2,066,568)
Balance at 31 December 2014	**8,198,457**	**24,731,284**	**–**	**32,929,741**
Balance at 1 January 2015	8,198,457	24,731,284	–	32,929,741
Depreciation for the year	877,479	3,457,298	–	4,334,777
Disposals	–	(1,063,534)	–	(1,063,534)
Adjustment	–	(300)	–	(300)
Effects of movement in exchange rates	(35,698)	(392,053)	–	(427,751)
Balance at 31 December 2015	**9,040,238**	**26,732,695**	**–**	**35,772,933**
Carrying amounts				
At 1 January 2014	37,999,858	19,284,724	13,262,454	70,547,036
At 31 December 2014	36,658,966	23,520,667	12,640,011	72,819,644
At 31 December 2015	46,777,079	26,412,119	3,484,875	76,674,073

(15) INTANGIBLE ASSETS

IN THOUSANDS OF LEBANESE POUND	2015	2014
Cost		
At 1 January	4,680,044	4,686,961
Additions	586,024	357,081
Disposals	(1,288)	–
Effects of movement in exchange rates	(106,650)	(363,998)
At 31 December	**5,158,130**	**4,680,044**
Accumulated Amortization		
At 1 January	3,721,446	3,644,823
Amortization expense	233,108	271,213
Disposals	–	–
Effects of movement in exchange rates	(46,745)	(194,590)
At 31 December	**3,907,809**	**3,721,446**
Carrying amount		
At 1 January	**958,598**	**1,042,138**
At 31 December	**1,250,321**	**958,598**

(16) OTHER ASSETS

IN THOUSANDS OF LEBANESE POUND	2015	2014
Accounts receivable and prepayments	10,154,711	8,378,179
Debtors by acceptances (a)	6,649,868	11,353,491
Other assets	6,122,089	3,109,491
	22,926,668	**22,841,161**

(a) Debtors by acceptances
Customers' acceptances represent term documentary credits which the Group has committed to settle on behalf of its customers against commitments provided by them, which are stated as a liability in the balance sheet under other liabilities under caption "Engagement by acceptances". Debtors and engagements by acceptances are considered as current assets and liabilities.

(17) NON-CURRENT ASSETS HELD FOR SALE

IN THOUSANDS OF LEBANESE POUND	2015	2014
Balance at 1 January	15,871,603	14,460,321
Disposals	(2,910,820)	(1,745,083)
Additions	2,834,747	3,665,300
Impairment	(422,973)	1,115,199
Effects of movements in exchange rates	(228,244)	(1,624,134)
Balance at 31 December	**15,144,313**	**15,871,603**

These assets represent properties acquired in settlement of debt against settlement of facilities of defaulting clients. As per BDL basic circular no.78 and article no.154 of the Money and Credit Act, banks have two years (from the date of acquisition) to liquidate those assets, else they are required to constitute reserves (through appropriation of retained earnings) against these assets, prior to distribution of dividends (refer to note 25).

(18) DUE TO BANKS AND FINANCIAL INSTITUTIONS

IN THOUSANDS OF LEBANESE POUND	2015	2014
Current deposits	4,539,532	24,276,637
Term deposits	98,261,563	94,794,499
Loan granted from Central Banks	87,901,593	67,309,979
Loan from banks and financial institutions	11,230,477	9,757,966
Loan granted from the European Investment Bank	7,407,888	8,898,405
Loan granted from Proparco	30,150,000	15,075,000
Interest payable	2,698,411	2,183,843
	242,189,464	**222,296,329**

Following the Central Bank of Lebanon basic decision no. 6116 related to basic circular no. 23 and intermediate circular no. 367 issued on 11 August 2014, the Central Bank of Lebanon offered the commercial banks facilities that are subject to an interest rate of 1% per annum payable on a yearly basis. These facilities were given subject to granting mainly housing loans back to clients at an average interest rate of 5.2%.

(19) DEPOSITS FROM CUSTOMERS AND RELATED PARTIES

IN THOUSANDS OF LEBANESE POUND	Note	2015	2014
Savings		1,651,601,823	1,770,724,495
Term deposits		1,940,947,241	1,515,611,206
Current deposits		274,059,998	237,902,395
Deposits under fiduciary contracts		60,002,979	75,517,323
Net creditor and cash collateral against debtor accounts		289,448,894	270,963,470
Margins on letter of credits		4,607,637	4,996,661
Interest payable		26,474,199	27,771,131
Deposits from related parties	36	14,321,099	17,259,755
		4,261,463,870	**3,920,746,436**

Deposits from customers above LBP 1,500,000 thousand threshold amounted to LBP 2,223,051 million representing 54.22% of total deposits and are held by 375 customers. Same tiers representing 55.48% of total customers' deposits amounting to LBP 2,090,204 million were held by 356 customers in year 2014.

Deposits from customers include coded accounts amounting to LBP 18,094,902 thousand as at 31 December 2015 limited to 13 accounts (2014: LBP 17,674,217 thousand limited to 14 accounts) which are subject to the provisions of the Article 3 of the Banking Secrecy Law dated 3 September 1956. Under the provisions of this Article, the Bank cannot reveal the identity of these depositors to third parties including auditors. Since 2013, management has been working on closing these accounts.

(20) OTHER LIABILITIES

IN THOUSANDS OF LEBANESE POUND	2015	2014
Checks for collection	15,161,981	14,592,439
Engagement by acceptances	6,649,868	11,353,491
Other creditors and accruals	31,951,448	13,960,088
Operational taxes and social security payables	7,060,667	6,097,190
Accrued expenses	6,125,740	2,350,325
Commission received in advance	3,923,885	2,949,126
Other liabilities	1,113,533	176,583
	71,987,122	**51,479,242**

(21) PROVISIONS

IN THOUSANDS OF LEBANESE POUND	2015	2014
Provision for employee benefits obligations (a)	6,794,732	6,887,132
Provision for various matters	34,456	128,821
Provision for loss on structural exchange position	12,925	12,925
Provision for fluctuations in foreign exchange rates (b)	26,114	298,507
	6,868,227	**7,327,385**

(a) Provision for employee benefits obligations

IN THOUSANDS OF LEBANESE POUND	2015	2014
Balance at 1 January	6,887,132	6,081,146
Net provision raised during the year	1,948,804	1,025,618
Indemnity paid during the year	(2,041,204)	(219,632)
Balance at 31 December	6,794,732	6,887,132

(b) Provisions for fluctuations in foreign exchange rates

As per local regulatory requirements the Group provides for an amount equivalent to 5 percent of its year-end foreign exchange position.

(22) Share capital

The share capital of the Bank as at 31 December is as follows:

	2015		2014	
	Number of shares	Value in 000 LBP	Number of shares	Value in 000 LBP
Common shares	2,242,383	112,119,150	2,135,603	55,525,678
Preferred shares	950,000	47,500,000	700,000	18,200,000
	3,192,383	**159,619,150**	**2,835,603**	**73,725,678**

The extraordinary General Assembly of the Shareholders of the Bank held on 20 February 2015 resolved to increase the capital of the Bank from LBP 73,725,678 thousand to LBP 80,225,678 thousand by issuing 250,000 new preferred shares (series 5), according to the provisions of the law No. 308/2001, of LBP 26 thousand each subscribed to and paid in cash with a premium of LBP 124,750 per share thus a total premium of LBP 31,187,500 thousand.

The extraordinary General Assembly of the Shareholders of the Bank held on 2 October 2015 resolved to increase the capital of the Bank from LBP 80,225,678 thousand to LBP 159,619,150 thousand as follows:

- Increase of the nominal value from LBP 26 thousand to LBP 50 thousand by transferring from the reserve appropriated to capital increase a total of LBP 74,054,472 thousand.
- Issuance of 106,780 new common shares of LBP 50 thousand each subscribed to and paid in cash with a premium of LBP 161,768 per share thus a total premium of LBP 17,273,587 thousand.

The Central Bank of Lebanon has approved the above transactions on 10 December 2015.

Below is a summary of the prospectus issued relating to preferred shares series 2, 3, 4 and 5 and its related amendments:

	Series 2	Series 3
Date of Extraordinary General Assembly Resolution Date	5-Oct-12	20-Sep-13
Number of Shares issued	200,000	300,000
Share Nominal Value in '000 LBP	50 (2014: 26)	50 (2014: 26)
Total Nominal Value in '000 LBP	10,000,000	15,000,000
Share Issue Price USD	100	100
Issue Premium	Calculated in USD as the difference between USD 100 and the counter value of the nominal value per share based on the exchange rate at the underwriting dates.	Calculated in USD as the difference between USD 100 and the counter value of the nominal value per share based on the exchange rate at the underwriting dates.
Issue Premium Amount in '000 LBP	20,149,999	30,225,000
Benefits	Annual dividends of USD 7.25 per share	Annual dividends of USD 7.25 per share
Call Option	(i) at any time after the Issue Date, if a Regulatory Event shall occur at a redemption price equal to the issue price (i.e. U.S. $ 100.00 per share) ; or (ii) within 60 days following the lapse of a 5 year period as of the date of the Confirmation EGM and for each subsequent year thereafter within 60 days following the date of the Ordinary General Assembly of Shareholders held to approve the accounts of the Bank for the immediately preceding fiscal year.	(i) at any time after the Issue Date, if a Regulatory Event shall occur at a redemption price equal to the issue price (i.e. U.S. $ 100.00 per share) ; or (ii) within 60 days following the date of the Ordinary General Assembly of Shareholders held to approve the annual accounts of the Bank for the year 2018 subject to the lapse of 5-years from the date of the Extraordinary General Assembly held to confirm the due issuance of the Series 3 Preferred Shares, and annually thereafter within 60 days following each such subsequent Ordinary General Meeting (or any other shareholders' meeting) at which the annual audited financial accounts for the Bank are approved for the immediately preceding fiscal year, in its sole discretion.
Redemption Value USD	101, if in 2018, increased by 1 USD for each subsequent year	100

Series 4	Series 5	Total
11-Jul-14	20-Feb-15	
200,000	250,000	950,000
50 (2014: 26)	During 2015, increased from 26 to 50	
10,000,000	12,500,000	47,500,000
100	100	
Calculated in USD as the difference between USD100 and the counter value of the nominal value per share based on the exchange rate at the underwriting dates.	Calculated in USD as the difference between USD100 and the counter value of the nominal value per share based on the exchange rate at the underwriting dates.	
20,150,000	25,187,500	95,712,499
Annual dividends of USD 7.25 per share	Annual dividends of USD 7 per share	
(i) at any time after the Issue Date if a Regulatory Event (as defined below) shall occur, at a redemption price equal to the issue price (i.e. USD 100 per share); or (ii) for the first time, within 60 days following the lapse of a 5-year period as of the date of the Extraordinary General Assembly held to ascertain the due issuance of the Series 4 Preferred Shares, and, for each subsequent year thereafter, within 60 days following the date of each Ordinary General Assembly of Shareholders held to approve the annual accounts of the Bank for the immediately preceding fiscal year.	(i) at any time after the Issue Date if a Regulatory Event (as defined below) shall occur, at a redemption price equal to the issue price (i.e. USD 100 per share); or (ii) for the first time, within 60 days following the lapse of a 5-year period as of the date of the Extraordinary General Assembly held to ascertain the due issuance of the Series 5 Preferred Shares, and, for each subsequent year thereafter, within 60 days following the date of each Ordinary General Assembly of Shareholders held to approve the annual accounts of the Bank for the immediately preceding fiscal year	
100	100	

(23) SHARE PREMIUM – COMMON SHARES

The premium resulted from the increase of capital of the Bank by issuing 106,780 new common shares at LBP 50 thousand each with a premium of LBP 161,768 per share.

SHARE PREMIUM – PREFERRED SHARES

The premium resulted from the increase of the capital of the Bank by issuing preferred shares which represents the difference between the amount paid by the shareholders and the nominal value of the shares. Refer to the table in note 22.

(24) CASH CONTRIBUTION TO CAPITAL

The cash contributions to capital are subject to the following terms:

- The balance is blocked with the Bank over the lifetime of the Bank,
- These contributions may be used to cover any losses,
- These contributions can be used to increase the capital of the Bank,
- No interest is calculated on these contributions.

The amounts of cash contributions to capital as at 31 December 2015 were LBP 10,854,000 thousand (2014: LBP 10,854,000 thousand).

(25) RESERVES

(i) Reserves

IN THOUSANDS OF LEBANESE POUND	2015	2014
General banking risks reserve (a)	42,969,380	35,229,406
Legal reserve (b)	23,914,040	19,815,618
Reserve appropriated to capital increase (c)	23,178,789	67,042,433
General reserves	4,400,637	3,096,634
Capital reserves	94,462,846	125,184,091
Reserve against retail portfolio (d)	1,026,861	–
Reserve against corporate portfolio (e)	3,445,325	–
Non-current assets held for sale reserve (d)	1,455,774	818,005
Fair value reserve (e)	321,291	278,973
Real estate revaluation reserve (f)	8,095,226	8,095,226
	108,807,323	**134,376,295**

(a) General banking risks reserve
According to the Central Bank of Lebanon basic circular no.50, banks in Lebanon are required to appropriate from their annual net profits a minimum of 0.2 percent and a maximum of 0.3 percent of total risk weighted assets based on rates specified by the Central Bank of Lebanon to cover general banking risks. This ratio should not be less than 1.25 percent of these risks at the end of year ten (2007) and 2 percent at the end of year twenty (2017). This reserve is part of Tier I, but is not available for distribution.

(b) Legal reserve
The Money and Credit Act, article no. 132 and the Bank's articles of association stipulate that 10% of the net annual profits be transferred to legal reserve. This reserve is not available for distribution.

(c) Reserve appropriated to capital increase

Movement on the reserve appropriated to capital increase is summarised as follows:

IN THOUSANDS OF LEBANESE POUND	2015	2014
At 1 January	67,042,433	65,247,715
Appropriation of previous year profits	7,279,259	1,794,718
Transfer from non-distributable retained earnings	111,569	–
Less: transfer to share capital to increase the nominal value (note 22)	(74,054,472)	–
Transfer from share premuim- preferred shares	22,800,000	–
	23,178,789	**67,042,433**

The transfer in 2015, from share premium - preferred shares to reserve appropriated to capital increase and amounting to LBP 22,800,000 thousand represent the excess resulting from the difference between the amount paid by the preferred shares holders and the nominal value of the common share after the increase of the nominal value of common shares from LBP 26 thousand to LBP 50 thousand each from reserves.

(d) Reserve against retail portfolio

BCC circular no. 280 introduced the requirement to establish a reserve for performing retail portfolio (i.e. where late settlements do not exceed 30 days) equal to 0.5% of the carrying amount of the portfolio at 31 December 2014. As at 31 December 2015, this reserve amounted to LBP 1,026,861 thousand (2014: nil). Additional appropriations of 0.5% per annum are required for six consecutive years starting 2015.

(e) Reserve against corporate portfolio

BCC circular no. 280 introduced the requirement to establish a reserve for performing corporate portfolio not less than 0.25% of the carrying amount of the portfolio in 2014, 0.5% in 2015, 1% in 2016 and 1.5% in 2017. As at 31 December 2015, this reserve amounted to LBP 3,445,325 thousand (2014: nil).

(f) Non-current assets held for sale reserve

In compliance with the Central Bank of Lebanon circular no.78, banks are required to deduct from annual profits an amount of 20% or 5% of the carrying value of its properties acquired in settlement of debt (note 17), in case the Bank failed to liquidate the properties within 2 years from the date of acquisition. The required reserves are established through appropriation of retained earnings. This reserve is not considered as part of the Bank's Tier Capital nor is available for distribution. As per the Banking Control Commission circular no. 173, the gain realised on the sale of an asset acquired in settlement of debt should be recognised in the statement of comprehensive income at the date of the sale and transferred subsequently to the statement of changes in equity.

(g) Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of equity investments measured at fair value through other comprehensive income. When such equity instruments are derecognised, the related cumulative amount in the fair value reserve is transferred to retained earnings.

(h) Real estate revaluation reserve

According to the provisions of law no.282 dated 30 December 1993 and decree no.5451 dated 26 July 1994 and the Central Bank of Lebanon and the Banking Control Commission regulations, the Bank proceeded in 1999 to the revaluation of its owned buildings. The Central Bank of Lebanon approved, on 26 January 2000 the revaluation amounting to LBP 7,444,856 thousand.

(ii) Non-distributable retained earnings

Cumulative unrealised gains (gross of losses) are treated as retained earnings not available for distribution under BCC circular no. 270 regulations. These gains will become available for distribution upon disposal of the related instrument.

Movement on these retained earnings is summarised as follows:

IN THOUSANDS OF LEBANESE POUND	2015	2014
At 1 January	247,913	140,660
Unrealised gain on investment securities at fair value through profit and loss (note 29)	8,747,082	107,253
Revaluation gains related to investment securities sold (transferred to realised)	(111,569)	–
At 31 December	8,883,426	247,913

(26) NET INTEREST INCOME

IN THOUSANDS OF LEBANESE POUND	Note	2015	2014
Interest income			
Balances with Central Banks		40,553,850	39,133,213
Banks and financial institutions		444,926	2,467,455
Loans and advances to customers and related parties	36	215,983,211	186,850,868
Investment securities		74,686,489	58,408,301
Other interest income		8,143	797,969
Total interest income		**331,676,619**	**287,657,806**
Interest expense			
Due to banks and financial institutions		(10,639,181)	(7,109,393)
Deposits from customers and related parties	36	(212,148,239)	(188,970,923)
Other interest expense		(465,986)	(600,502)
Total interest expense		(223,253,406)	(196,680,818)
Net interest income		**108,423,213**	**90,976,988**

(27) NET FEES AND COMMISSION INCOME

IN THOUSANDS OF LEBANESE POUND	2015	2014
Fees and commission income		
Fees on letters of credit and acceptances	1,053,965	1,535,450
Fees on transactions with customers	13,618,164	14,499,331
Fees on letters of guarantee	1,564,196	1,214,882
Fees on various banking transactions	12,801,049	10,914,468
Total fees and commission income	**29,037,374**	**28,164,131**
Fees and commission expense		
Fees on banks and financial institutions accounts	(1,352,630)	(1,909,706)
Fees on various banking transactions	(6,148,452)	(7,576,183)
Total fees and commission expense	(7,501,082)	(9,485,889)
Net fees and commission income	**21,536,292**	**18,678,242**

(28) NET TRADING INCOME

IN THOUSANDS OF LEBANESE POUND	2015	2014
Foreign exchange income	**4,759,955**	**4,457,204**

(29) NET GAIN ON INVESTMENT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

IN THOUSANDS OF LEBANESE POUND	2015	2014
Unrealised gain from investment securities at fair value through profit or loss	9,171,319	8,747,082
Unrealised loss from investment securities at fair value through profit or loss	(582,701)	(12,001)
Realised gain from investment securities at fair value through profit or loss	10,836,768	6,978,275
Realised loss from investment securities at fair value through profit or loss	(142,580)	(14,077)
	19,282,806	**15,699,279**

(30) NET GAIN ON INVESTMENT SECURITIES AT AMORTISED COST

IN THOUSANDS OF LEBANESE POUND	2015	2014
Gain from sale of investment securities at amortised cost	8,639,539	4,177,887
Loss from sale of investment securities at amortised cost	(2,070)	(447)
	8,637,469	**4,177,440**

The Group derecognises some debt instruments classified at amortised cost due to liquidity gap and yield management. During the year, the Group sold investment securities classified at amortised cost with a nominal value of LBP 210,000,000 thousand (2014: LBP 453,479,317 thousand) and realized a gain of LBP 8,639,539 thousand (2014: 4,177,440 thousand).

Below is a detailed listing of the sale transactions that occurred during the year 2015:

IN THOUSANDS OF LBP

Type of investment securities	Maturity	Nominal value	Net gain on sale
Lebanese Treasury Bills (LBP)	30-Oct-25	5,000,000	113,778
	11-Sep-25	5,000,000	131,755
		10,000,000	**245,533**
Lebanese Treasury Bills Liquidation (LBP)	29-Jan-15	2,000,000	(2,070)
Certificates of deposits (LBP)	19-Mar-26	15,000,000	269,285
	27-Apr-23	3,000,000	88,248
	2-Mar-17	1,000,000	21,035
	20-Aug-26	20,000,000	1,192,525
	25-Dec-25	5,000,000	161,669
	2-Jul-26	5,000,000	279,934
	5-Feb-26	15,000,000	683,008
	3-Dec-26	10,000,000	307,770
	4-Jun-26	5,000,000	156,203
	19-Jan-23	6,000,000	144,985
	16-Oct-25	1,000,000	34,415
	5-Mar-26	88,000,000	3,514,983
	13-Aug-26	10,000,000	618,502
	6-Aug-26	10,000,000	637,089
	22-Jan-26	6,000,000	284,355
		200,000,000	**8,394,006**
		212,000,000	**8,637,469**

Below is a detailed listing of the sale transactions that occurred during the year 2014:

ALL AMOUNTS ARE IN THOUSANDS OF LBP

Type of investment securities	Maturity	Nominal value	Net gain on sale
Eurobonds (USD)	12-Jun-25	7,537,500	1,623
	12-Nov-22	8,983,192	18,065
	2-Nov-16	2,562,750	7,009
	28-Nov-26	9,949,500	4,694
	12-Oct-17	5,050,125	399
	9-Mar-20	6,030,000	2,330
	12-Apr-21	12,813,750	23,882
	29-Nov-27	10,552,500	5,785
		63,479,317	**63,787**
Lebanese Treasury Bills (LBP)	**30-Oct-25**	**175,000,000**	**1,590,580**
Certificates of deposits (LBP)	19-Jan-23	109,000,000	785,390
	26-Jan-23	15,000,000	106,511
	27-Apr-23	10,000,000	118,928
	20-Apr-23	11,000,000	74,028
	20-Jan-23	5,000,000	20,734
	26-Feb-26	30,000,000	818,815
	12-Feb-26	20,000,000	544,919
	2-Jul-26	15,000,000	53,748
		215,000,000	**2,523,073**
		453,479,317	**4,177,440**

(31) PERSONNEL CHARGES

IN THOUSANDS OF LBP	Note	2015	2014
Wages and salaries		28,792,714	28,301,488
Social security contributions		4,194,971	3,574,453
Provision for employee benefits obligations	21	1,948,805	1,025,618
Representation fees		1,158,347	921,969
Exceptional indemnities		4,594,759	3,574,674
Scholarships		1,246,256	1,181,641
Transportation		1,063,403	1,108,981
Insurance and medical expenses		1,044,614	926,450
Chairman and vice chairman remunerations	36	1,863,193	1,657,863
Other benefits		3,912,215	3,163,830
		49,819,277	**45,436,967**

(32) ADMINISTRATIVE EXPENSES

IN THOUSANDS OF LBP	Note	2015	2014
Marketing and advertising		4,216,532	5,581,584
Professional fees		5,455,620	4,098,851
Taxes		3,376,091	3,647,032
Rental expenses		2,487,394	1,694,275
Maintenance and repair		3,239,811	2,962,982
Utilities		884,053	988,327
Board of Directors attendance allowance	36	960,450	900,300
Telecommunication and postage		1,221,461	1,356,833
Stationary and printings		675,884	983,009
Transportation expense		167,004	181,435
Premium of the guarantee of deposits		1,894,957	1,679,527
Other expenses		11,958,346	10,275,253
		36,537,603	**34,349,408**

(33) INCOME TAX EXPENSE

IN THOUSANDS OF LBP	2015		2014	
Profit before tax		**62,706,034**		**45,543,311**
Income tax using the enacted tax rate	14.92%	9,354,936	14.63%	6,662,956
Non-deductible taxes	0.31%	192,956	0.98%	444,615
Non-deductible provisions	0.69%	431,981	0.00%	–
Irrecoverable loans	0.01%	8,180	0.05%	24,932
Other non-deductible expenses	1.41%	881,889	1.91%	869,070
Dividends received	-0.07%	(42,948)	-0.08%	(37,217)
Write back of provision	-0.04%	(23,284)	-0.04%	(20,229)
Gain on reevaluation of financial assets at fair value	-2.05%	(1,288,293)	-2.88%	(1,310,260)
Foreign exchange gain / losses	-0.06%	(37,998)		
Derecognition of unused tax losses carried forward	0.13%	80,139		
	15.25%	**9,557,558**	**14.57%**	**6,633,867**

The Bank in Lebanon is subject to a withholding tax of 5% on certain interest income which is considered as a prepayment on corporate income tax due. In case this withholding tax exceeds the calculated corporate income tax expense, the excess is not reimbursable and is considered as a final income tax expense.

The Bank's books and records were reviewed by the Department of Income Tax for the years 2010 to 2013. The Bank's books and records remain subject to review by the Department of Income Tax for the years 2014 and 2015.

(34) CASH AND CASH EQUIVALENTS

IN THOUSANDS OF LEBANESE POUND	2015	2014
Cash on hand	46,820,885	42,121,236
Unrestricted accounts with Central Banks	69,053,084	197,497,788
Banks and financial institutions	175,217,506	215,214,397
Due to banks and financial institutions	(48,618,666)	(53,963,151)
	242,472,809	**400,870,270**

(35) CONTINGENT LIABILITIES AND COMMITMENTS

IN THOUSANDS OF LEBANESE POUND	2015	2014
Guarantees		
Guarantees given to banks and financial institutions	41,581,393	34,438,206
Guarantees received from banks and financial institutions	16,748,312	1,675,024
Guarantees given to customers	110,624,119	74,980,135
Guarantees received from customers	5,075,034,555	4,326,098,946
Lending commitments	**215,798,569**	**212,547,625**
Operations in foreign currencies		
Foreign currencies to receive	71,923,092	83,578,072
Foreign currencies to deliver	73,036,626	82,405,659
Contingencies on legal disputes (a)	**34,255,761**	**37,074,455**
Fiduciary deposits	**64,099,388**	**68,284,663**
Bad loans fully provided for	**11,333,242**	**8,432,476**

(a) Contingencies on legal disputes
There were a number of legal proceedings involving claims by and against the Group at 31 December 2015, which arose in the ordinary course of business. The Group does not expect the ultimate resolution of any of the proceedings, to which the Group is party, to have a significantly adverse effect on its financial position.

CONSOLIDATED FINANCIAL STATEMENTS CREDITBANK I ANNUAL REPORT 2015
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS I 31 DECEMBER 2015

(36) RELATED PARTIES

Transactions and balances with key management personnel

Key management personnel compensation
Key management personnel compensation comprised the following:

IN THOUSANDS OF LEBANESE POUND	2015	2014
Short-term employee benefits	12,176,601	10,116,784
Board of Directors attendance allowance	960,450	900,300

Short term benefits include the chairman remunerations amounting to LBP 1,863,193 thousands during 2015 (2014: LBP 1,657,863 thousand).

Key management personnel accounts
A number of the board members hold positions in other entities that result in having control over the financial or operation policies of these entities.

A number of these entities transacted with the Bank in the reporting period. The aggregated value of transactions and outstanding balances related to key management personnel and entities over which they have control were as follows:

	Balance outstanding as at 31 December	
IN THOUSANDS OF LEBANESE POUND	2015	2014
Loans and advances	5,781,904	6,342,626
Deposits	14,321,099	17,259,755

	Transactions as at 31 December	
IN THOUSANDS OF LEBANESE POUND	2015	2014
Interest income from loans and advances	272,575	257,099
Interest expenses on deposits	(334,577)	(328,631)

(37) GROUP ENTITIES

			31 December 2015	31 December 2014
	Country of incorporation	Number of shares	Ownership interest	Ownership interest
Anelik Bank CJSC	Armenia	273,926	100.00%	100.00%
CB Anelik RU LLC	Russia	–	100.00%	100.00%
Credex SAL	Lebanon	74,820	99.76%	99.76%
Baabda 1587 SAL	Lebanon	2,970	99.00%	99.00%
Achrafieh 784 SAL	Lebanon	990	99.00%	99.00%

(38) GROUP ENTITIES

Cost of investment of the Bank in Anelik Bank CJSC has amounted to LBP 80,308,174 thousand divided as follows:

IN THOUSANDS OF LEBANESE POUND

Cost of acquisition	60,862,088
Amount paid in excess	9,728,373
Capital increase	9,717,713
Cost of investment as at 31 December 2015	**80,308,174**

Equity of Anelik Bank CJSC as at 31 December 2015 has amounted to LBP 51,031,150 thousand divided as follows:

IN THOUSANDS OF LEBANESE POUND

Equity as at date of acquisition	60,589,094
Amount not eliminated at acquisition	(2,509,397)
Capital increase	9,717,713
Operational losses	(1,609,847)
Losses on exchange from translation of Armenian Drams into Lebanese pounds	(15,156,413)
Equity as at 31 December 2015	**51,031,150**

Operational losses of Anelik Bank CJSC from date of acquisition are detailed as follows:

Year	Profit (loss)
2009	(206,538)
2010	1,319,049
2011	51,166
2012	653,609
2013	(5,198,128)
2014	1,091,460
2015	679,535
	(1,609,847)

During 2015, and for the purpose of meeting regulatory requirements, the Bank has requested the approval by the Central Bank of Lebanon to increase the capital of Anelik Bank CJSC by USD 4,000,000.

By its letters dated 6 November 2015 and 11 January 2016, the Central Bank of Lebanon has approved the request of the Bank to increase the capital of Anelik Bank CJSC by USD 4,000,000 and has requested from the Bank to provide, as from 31 December 2016, equally over a period of 5 years, for a yearly special reserve against the cost of its investment in Anelik Bank CJSC.

Management of the Bank is in the process of assigning an impairment test on its investment in Anelik Bank CJSC to an independent professional firm.

Management of the Bank is of the opinion that the impairment loss that would result from this test would not be material, and consequently will ask the Bank of Lebanon to reconsider its request for the provision of the special reserve referred to above.

MANAGEMENT & NETWORK

LEBANON CREDITBANK S.A.L.

Management Board of the Bank consists of 7 members:

1. **Mr. Tarek Khalifé,** Chairman and General Manager
2. **Mr. Freddy Zraick,** General Manager representing Holfiban s.a.l Holding - Board Member
3. **Mr. Fadi Barbar,** representing Financial Profile s.a.l Board Member
4. **H.E. Mr. Dimyanos Kattar,** Independent Board Member
5. **Mrs. Maria Khalifé-Bazerji,** Board Member
6. **Dr. Henri Chaoul,** Independent Board Member
7. **Me. Paul Harb,** representing Financial Trust Participation Holding s.a.l - Board Member

HEAD OFFICE

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Swift: CBCBLBBE
Customer Service: (04) 727555
Website: www.creditbank.com
E-Mail: info@creditbank.com

ARMENIA ANELIK BANK CJSC

Management Board of the Bank consists of 8 members:

1. **Mr. Nerses Karamanukyan,** Chairman of the Management Board
2. **Mr. Karen Janinyan,** member of the Management Board
3. **Ms. Naira Grigoryan**, member of the Management Board
4. **Mr. Hayk Mkrtchyan,** member of the Management Board
5. **Mr. Vardan Gevorgyan,** member of the Management Board
6. **Mr. Hayk Grigoryan,** member of the Management Board
7. **Mr. Ruben Melikyan,** member of the Management Board
8. **Mr. Rafik Suvaryan,** member of the Management Board

Council of the Bank consists of 5 members:

1. **Mr. Agop Kassardjian,** Chairman of the Council
2. **Mr. Tarek Khalifé,** member of the Council
3. **Mr. Farid Zraick,** member of the Council
4. **Me. Paul Harb,** member of the Council
5. **Mr. Mazen Shehayeb,** member of the Council

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E-Mail: anelik@anelik.am

RUSSIA CB ANELIK RU LLC

Management Board of the Bank consists of 5 members:

1. **Mr. Alexander Vladimirovich Voronin,** Chairman of the Management Board
2. **Mr. Alexey Aleksandrovich Voronin,** Deputy Chairman of the Management Board
3. **Mrs. Maria Vladimirovna Satarova,** member of the Management Board, Chief Accountant
4. **Mr. Sergey Sergeevich Salpanov,** member of the Management Board
5. **Mr. Alexander Vladimirovich Prokopiev,** member of the Management Board

Council of the Bank consists of 3 members:

1. **Mr. Mazen Shehayeb,** Chairman of the Board of Directors
2. **Mr. Tarek Khalifé,** member of the Board of Directors
3. **Mr. Farid Zraick,** member of the Board of Directors

HEAD OFFICE

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LEBANON CREDEX S.A.L.

Board of Directors:

1. **Mr. Farid Zraick,** Chairman and General Manager
2. **Creditbank S.A.L.** - Board Member
3. **Mrs. Maria Bazerji** - Board Member
4. **Me. Paul Harb** - Board Member

General Manager:
Mr. Selim Beshara

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(03) 170012
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2 ATMs
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Manager: Ms. Maureen Tabet
E-Mail: dekwaneh@creditbank.com

AIN EL REMMANEH

Boutros Bldg., Wadih Naim Street,
Chiyah – Ain El Remmaneh.
Telefax: (01) 288925 / (03) 002877
ATM
Opened in: 2013
Manager: Mr. Elie Asmar
E-Mail: ainelremmaneh@creditbank.com

ASHRAFIEH

680, Beshir Gemayel Blvd., Sassine Area.
Switchboard: (01) 203432 / 218183 - (03) 584999
Fax: (01) 204325
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Opened in: 1982
Manager: Mr. Charles Obeid
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BADARO – SAMI EL SOLH

Sky development 5232 Bldg., Sami El Solh Avenue
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Manager: Mr. Charles Obeid
E-Mail: badaro@creditbank.com

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Lampsos Bldg, Armenia Street.
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Opened in: 2011
Manager: Mr. Razmig Shememian
E-Mail: bourjhammoud@creditbank.com

CHIYAH

Wazneh Bldg., Mesharrafiyeh.
Telefax: (01) 552502/3 - (03) 528900
ATM
Opened in: 1995
Manager: Mr. Adib Silbak
E-Mail: chiyah@creditbank.com

HAMRA (RAS BEIRUT)

Vision 1974 Bldg., Sourati Street.
Telefax: (01) 742877/8 - (03) 361836
ATM
Opened in: 1991
Manager: Ms. Noura Al Sardouk
E-Mail: hamra@creditbank.com

HAZMIEH

Ghaleb Center - Said Freiha Street.
Telefax: (05) 953410 – (70) 001720
ATM
Opened in: 2012
Manager: Mr. Marcelino Saad
E-Mail: hazmieh@creditbank.com

JAL EL DIB

Abou Jawdeh Bldg., Internal Main Square.
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Opened in: 2001
Manager: Mr. Nader Al Khoury
E-Mail: jaleldib@creditbank.com

JDEIDEH

Azure Center, New Jdeideh, Street 21
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SODECO-ASHRAFIEH

Belle View d'Ashrafieh 784 Bldg., El Khatib Street,
Nasra, Ashrafieh.
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3 ATMs
Opened in: 2014
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Nour El Hayat Center,
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Opened in: 2011
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Manager: Mr. Zafer Fadel
E-Mail: chtaura@creditbank.com

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Sarkis Center, Main Road.
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Manager: Mr. Maroun Chelala
E-Mail: ghazir@creditbank.com

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Boueiz Bldg., Main Place.
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Opened in: 1982
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Azar Bldg., Main Road, Kornet Chehwan.
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Opened in: 1993
Manager: Mr. Patrick Jawhar
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Manager: Mr. Tarek Saadé
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SAIDA

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Sarba Highway.
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Opened in: 2002
Manager: Ms. Georgette Chalfoun
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TRIPOLI

Karim Center, Riad El Solh Street, Tall Area.
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Telefax: (01) 510666/7/8
General Manager: Mr. Selim Beshara
Website: www.credex.com.lb
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ARMENIA ANELIK BANK CJSC

HEADQUARTERS
13 Vardanants street, Yerevan
Tel: +37410-593333, +37460-273333
Fax: +37410-593310
Opened in 1991
E-Mail: anelik@anelik.am
Website: www.anelik.am

ARABKIR BRANCH
56/160 Komitas street, Yerevan
Tel: +37410-593333, +37460-273333
Opened in 2003
Manager: Arman Amirkhanyan
E-Mail: anelik@anelik.am

NOR NORK BRANCH
27a Moldovakan street, Yerevan
Tel: +37410-593333, +37460-273333
Opened in 2004
Manager: Davit Ananyan
E-Mail: anelik@anelik.am

TIGRAN METS BRANCH
4 Tigran Mets avenue, Yerevan
Tel: +37410-593333, +37460-273333
Opened in 2015
Manager: Nona Hovhannisyan
E-Mail: anelik@anelik.am

MALATIA BRANCH
39/61 Raffu street, Yerevan
Tel: +37410-593333, +37460-273333
Opened in 2014
Manager: Arsen Avagyan
E-Mail: anelik@anelik.am

DAVTASHEN BRANCH
11/91 Davitashen 4th district., Yerevan
Tel: +37410-593333, +37460-273333
Opened in 2008
Manager: Artur Asatryan
E-Mail: anelik@anelik.am

BAGHRAMYAN BRANCH
75 Baghramyan Branch
Tel: +37410-593333, +37460-273333
Opened in 2011
Manager: Vahagn Muradyan
E-Mail: anelik@anelik.am

ABOVYAN BRANCH
4 Ogostosi 23 street, Abovyan
Tel: +374222 2 02 88
Opened in 1994
Manager: Argist Torosyan
E-Mail: anelik@anelik.am

GYUMRI BRANCH
6 Ankakhutyan square, Gyumri
Tel: +374312-51508
Opened in 1994
Manager: Karen Kerobyan
E-Mail: anelik@anelik.am

PAYAZAT BRANCH
30a Andraniki street, Gavar
Tel: +374264-23775, 25348, 28273
Opened in 1998
Manager: Sargis Mazmanyan
E-Mail: anelik@anelik.am

ETCHMIADZIN BRANCH
48 Mashtotsi street, Etchmiadzin
Tel: +374231-49693
Opened in 2006
Manager: Narek Gevorgyan
E-Mail: anelik@anelik.am

VANADZOR BRANCH
4 Khorenatsi street, Vanadzor
Tel : (+37 322) 21865
Opened in 2008
Manager: Sasun Avetisyan
E-Mail: anelik@anelik.am

SEVAN BRANCH
12/1 Sayat-Nova, Sevan
Tel: +374262-24066
Opened in 2011
Manager: Tigran Kocharyan
E-Mail: anelik@anelik.am

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