Bank Audi
EGYPT

ANNUAL REPORT 2018

Bank Audi

BANK AUDI "S.A.E."

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2018

ANNUAL REPORT
2018

INDEX

01 OVERVIEW

Embracing changes

Stems from the belief of developing human connections that last a lifetime, building on them together through the aid of connected devices, and actively participating in goals that have a greater impact on a wider scale.

1. Overview

A | The Chairman's Statement

I am once again pleased to present a preface to the Annual Report and Accounts for 2018 of Bank Audi Egypt on behalf of the Board of our Bank. While the rest of this Report focuses and elucidates on the Bank's financial and non-financial performance in 2018, this overview from a Board perspective, straddles not only that past year but also the current environment and future outlook.

Generally speaking the underlying trends for both Egypt and the Bank indicate steady progress and a focus on sustainability. The international credit ratings of Egypt were upgraded in the first half of 2019 reflecting a more stable and positive outlook. Net international reserves coverage recorded 8 months of imports in August 2019 coming from 3.7 months in 2016, whilst government debt to GDP ratio reduced from 108% in June 2017 to 90.5% in June 2019. Important indicators were encouraging such as FDI reaching USD 20 billion by July 2019 and for the period between 2016 and 2018, the Balance of Payment Services Account nearly trebled; Tourism numbers more than doubled and Tourist nights quadrupled; whilst the Consumer Price Index fell by some 12%. By September 2019, the Egyptian Pound showed a net appreciation versus US Dollar of 16% since the end of 2016. After a decade of political and economic upheavals, according to the IMF, Egypt's economy is forecast to expand at 5.5% in 2019, its highest growth rate since 2008.

Looking further forward, any cautious optimism for Egypt and its businesses, banking and community at large, needs to be tempered by at least four major global challenges that are causing slowdown of global growth and influencing our own environment. We see these as the geopolitical unrest in the Middle East and Gulf Region; Trade wars; Eurozone slowdown and uncertainties; and an imbalance of risk appetite regarding Emerging Markets. For the Banking sector in Egypt, the market growth potential from indicators such as only 1 in 3 Egyptians of working age having a banking account (according to 2017 World Bank data); potential for higher income per capita over the medium term; a large young demographic; an under-developed mortgage market; and more SME's moving into the formal economy, should augur well for banking service providers.

This is why so much focus in the global and local banking industry is being given to digitization and the future role of technology. To this end, Bank Audi Group and Bank Audi Egypt have been at the forefront of introducing technology based services and processes alongside our branch capabilities. In line with one of the Bank's main strategic goals to become a high-tech bank of choice, and to ascertain and pursue a leadership positioning among Egyptian private sector banks, we have developed in collaboration with a reputable international advisory firm, a medium term digital strategy for digital banking and payments. The project identified the emerging trends/technologies in digital banking as well as the competitive and regulatory landscape in Egypt along with a gap assessment of our current state and improvement opportunities across people, process, technology and governance. The outcome is that we have identified and prioritized a non-exhaustive list of digital initiatives and 'Go to market' plans to introduce digital enhanced experience across our clients' various touch points for both Retail and Corporate banking. This is expected to have a significant impact on cost, service quality and business development efficiencies over the coming years. However the different cultural preferences of our client 'partners' will continue to be taken into consideration, as we listen, innovate and deliver banking services that remain attuned to the relationship service needs, standards and methods requested by our different client sectors.

During 2018, the Board in line with sound and proactive governance practices, broadened and deepened its oversight as part of building for the future. This is reflected in the Board's rolling agenda encompassing not only financial oversight but also key elements of sustainability such as Strategic performance and Resource management, particularly Talent management and the use and analysis of regular Employee engagement surveys. In 2018, we also formed an independent Remuneration Committee of the Board. Given the constantly changing environment that is expected to persist externally and in view of technology also internally, the Board regularly reviews Credit Policy and Process in alignment with new market trends and related new/emerging risks.

A particularly pleasing outcome of the Board's approach, diligence and commitment to Talent development can be seen in the appointment of Mr Mohamed Bedeir as the Bank's new Managing Director. Since his involvement at the Bank's inception, he has risen by performance and devoted service through the management team to occupy the most senior executive position, and was selected after the Board had interviewed a range of suitably qualified applicants.

In conclusion, I must thank my fellow Board members, the Bank's management team and all our employees, past and present, for their efforts in making Bank Audi Egypt what it has become today, and in continuing to strive for further enhancements and sustainability in line with our Vision and Mission towards serving all our stakeholder 'partners'.

Hatem Sadek,
Non-Executive Chairman
Bank Audi Egypt

B | CEO, Managing Director Statement

Dear Shareholders, Customers & Colleagues,

After thirteen years in the Egyptian market, 2018 was another year filled with achievements and success for Bank Audi Egypt and its stakeholders. Continuing its journey as a very successful Financial Institution that commenced operations back in 2006, when I personally joined the Bank, I am extremely proud to have been appointed by the Board of Directors since August 2019 as the new CEO, Managing Director and have the privilege to preface these Report and Accounts for 2018.

We believe that sustainability was the key element in achieving such positive figures in 2018. Bank Audi has maintained an average annual increase of 25% each year despite the challenges and changes in the banking environment in Egypt, and we seek to sustain more growth in the coming years.

As a representative of Bank Audi's management, we are always keen to support and participate in the Central Bank of Egypt's initiatives, which are the main element for economic development in any country aspiring for large-scale developments. With regard to the concept of financial inclusion, we are pursuing a consistent policy to promote such initiatives among individuals as one of the main pillars to achieve economic development, financial and social stability. The Bank is keen to expand the execution of financial inclusion, which will lead to the reduction of physical monetary transactions and transform the society into a cashless society.

Bank Audi Egypt is driven by becoming a key player in the digital community, free of cash trading, and therefore we offer our customers several digital solutions such as; "Audi Online Banking" and "Audi2Pay". Our online banking service allows customers the freedom to follow and manage their bank accounts from anywhere and in addition to following up and managing their loans and credit cards at any time, with the possibility of making debt and interest payments easily and quickly. We also introduced "Audi2Pay", which is a mobile wallet application that acts as a new easy, secure and smart tool that allows its users to make everyday payments directly from their smartphone.

Recently, the Egyptian Government has made the digitalization of the economy and financial inclusion a top national priority. In light of our observations of the growing and sustainable global technology trends across all relevant industries, along with our tracking of the multitude of new technology theories such as big data, internet of things and the sophisticated Fintech, Bank Audi Egypt collaborated with one of the international professional services firms to develop a medium term digital strategy that contains initiatives along with their courses of action.

These initiatives involve rethinking the organization processes, services, and roles from a technology-enabled perspective, as we believe that digital will comprise a big portion of businesses going forward, particularly in the Egyptian banking sector under the sponsorship of the Central Bank of Egypt. In 2019, so far we have succeeded to divert 40% of retail eligible transactions from normal branch banking to digital channels including ATMs and online banking coming from 5% in 2018.

Our new initiatives for fostering this digital transformation include a revamped website, a full-fledged Omni channel solution including Internet / Mobile banking with advanced functionalities and distinguished look and feel for both retail and corporate customers . The projected Omni Channel strategy will unify the customer experience across all bank channels and provide customers with a one of a kind convenient experience. In addition we are aiming at a vast achievement in acquiring customers digitally by introducing an Onboarding mobile application that will be the first in the market.

On the ATMs front, we have introduced new value added services such as availing card-less deposits, and I-score inquiries for Bank Audi Egypt's customers. Moreover, we are implementing a new ATM software platform aiming to transform ATM's to a more modern and advanced environment at both customer and server levels. We will be using the latest technology in ATM channel software that will facilitate flexibility to offer business services; to manage ATM operations; and to prepare the ATM channel for integration into Bank Audi Omni Channel strategy.

Accordingly, Bank Audi Egypt seeks to facilitate all banking operations, including remittances through smooth and secure channels and solutions, within the framework of internationally recognized safety standards.

From another angle, the Bank is adopting an expansion plan in the Egyptian market, which seeks to strengthen and consolidate its presence in the Egyptian banking sector.

The Bank aims to open nine new branches in the coming year in order to reach the largest possible number of customers in the Egyptian market.

Finally, I would like to thank our shareholders for their continuous support and for constantly believing in us by reinvesting and enhancing our capital base, mirroring their belief in the Egyptian economy and our Bank's strong prospects in the market.

Mohamed Bedeir,
CEO, Managing Director and CEO
Bank Audi Egypt

C | Strategic Direction & Values of Bank Audi sae

Vision:

To be the Egyptian partner of choice to Bank with, Work for and Invest in.

Mission:

To deliver a superior level of service and provide easy access to innovative and tailored products and services for targeted segments through user appropriate modular channels, and the sharing of our knowledge by highly trained and innovative staff, working in meritocracy, so as to provide sustainable value to our stakeholders and community.

Bank Values:

Transparency
Ensure open communication with all stakeholders to maintain trust, integrity, and accountability.

Human Capital
Promote diversity, provide equal opportunity, reward talent and value teamwork.

Heritage
Enhance the reputation of Bank Audi sae by building on our record of accomplishment and contribution.

Quality
Strive for excellence and professionalism in everything we do.

Civic Role
Be good citizens in the communities in which we live and work.

Innovation
Encourage creativity and continuous development.

D | Overview of Bank Audi Group

Founded in 1830, Bank Audi sal (société anonyme libanaise) was incorporated in its present form in 1962 as a private joint stock company with limited liability with a duration of 99 years. The Bank is registered on the Beirut Commercial Registry under number 11347 and on the Lebanese List of Banks under number 56.

The initial shareholders of the Bank were members of the Audi family, together with certain Kuwaiti investors. Since 1983, the shareholder base has expanded and currently is comprised of more than 1,500 holders of Common Shares and Global Depositary Receipts (representing Common Shares). The Global Depositary Receipts evidencing the Common Shares are listed on both the Beirut Stock Exchange and the London Stock Exchange and the Bank's Common Shares are listed on the Beirut Stock Exchange.

The Bank's head office and registered address is Bank Audi Plaza, Omar Daouk Street, Bab Idriss, Beirut 2021 8102, P.O. Box: 11-2560, Beirut, Lebanon.

The Bank is a regional Bank. It operates principally in Lebanon, the MENA region and, Turkey, offering a full range of products and services that principally cover commercial and corporate banking, retail and personal banking and private banking, as well as ancillary activities such as Capital Market activities and factoring. As at end-March 2019, the Bank ranked first among Lebanese banks in terms of total assets (LL 70,004 billion), shareholders' equity (LL 5,979 billion), customers' deposits (LL 47,214 billion), loans and advances (LL 18,758 billion) and net profits in first quarter 2019 (LL 183 billion). In addition to its historic presence in Lebanon, Switzerland and France, the Group currently operates in Jordan, Egypt, Saudi Arabia, Qatar, Abu Dhabi (through a representative office), Monaco, Turkey and Iraq.

As at end-March 2019, the Bank had one of the largest branch networks in Lebanon, with 86 branches (82 operating) covering the Greater Beirut area and other strategic regions in Lebanon, as well as, through its foreign subsidiaries, a network of 112 branches in the MENAT region (outside of Lebanon), including 14 branches in Jordan, 46 in Egypt and 45 branches in Turkey. The Bank has two subsidiaries in Lebanon, two subsidiaries in Europe, as well as an asset management company in Monaco, four subsidiaries in the MENA region outside Lebanon and a subsidiary in Turkey.

Since 2005, the Bank has undertaken significant regional expansion and has the fourth largest coverage among the top 15 Arab banking institutions in the MENA region with operations in 10 countries, excluding Lebanon, through a network of branches and subsidiaries developed mainly through green-field operations. As a result of this regional expansion, an increasing percentage of the Bank's assets are contributed by its operations outside Lebanon. Management intends to continue to seek growth opportunities both in Lebanon and abroad over the medium term.

As at end-March 2019, the Bank Audi Group including its consolidated subsidiaries had 6,248 employees, primarily represented by 3,122 persons employed in Lebanon, 1,076 persons employed at Odea Bank in Turkey and 1,454 persons employed at Bank Audi Egypt.

E | Key Financial Highlights of Bank Audi sae

Bank Audi Egypt continues to be driven by an uncompromising mission to build lasting relationships with clients who share our aspiration for being partners by mutual choice. We see a key part of our contribution to this affinity partnership being based around our values and the creation of value. We strive for professionalism, innovation, and quality of service. Through the sharing of information and applying our knowledge and capabilities, we try to meet the changing financial service needs of our clients. In this way, the Bank's management and staff aspire to apply our values to make each day better than the day before.
In line with its continued focus on sustainability, the Bank recorded outstanding financial performance ratios in 2018. Net profit recorded EGP 1.3 Billion, which represented a growth of 24%, compared to the previous year. This increase was achieved despite allocating provisions of EGP 279 Million while having non-performing asset ratio of 2%, which is considered one of the best ratios in the banking sector.
Net Interest Income increased by 25% (y-o-y) to reach EGP 2.4 Billion in 2018; in addition, net fees and commissions increased by 13% to reach EGP 544 Million in 2018. Foreign Exchange translation losses represented EGP 86.3 Million. Salaries and related costs increased by 8% and other administrative costs by 8%. Gross loans increased to EGP 32.2 Billion at end of December 2018, compared to EGP 30.2 Billion at end of December 2017. As in 2018, 94% of the Loans and Advances Portfolio were maintained in the two highest quality internal risk ratings, with 91% of the portfolio having no past dues or impairment indicators (versus 90% in 2017). In parallel, consolidated Customers' Deposits reached EGP 59.1 Billion at end of December 2018, rising by 25% compared to 2017, while non-interest bearing balances increased by 37%. Total assets reached EGP 68 Billion at end of December 2018, recording an increase of 23% compared to 2017. Total equity increased to EGP 6.7 Billion versus EGP 5.6 Billion in 2017 with capital adequacy ratio 19.63%. Earnings per share were 33.9 and leverage increased to 8.02% (versus 7.63%).

F | The Global and Regional Economy in 2018'

Global and Regional economy in 2018

The global economy during 2018 saw a continuation of the steady expansion of the past couple of years. Growth across several of the world's largest economies was more or less maintained, amid declining unemployment rates which were in some countries below pre-global financial crisis levels, and yet these economies proved less balanced. As a matter of fact, global industrial production and trade volumes decelerated after having witnessed rapid growth in the previous year, adversely affecting investor sentiment and equity prices. Concerns about rising trade protectionism weighed down on the global investment climate with fears that this would disrupt global value chains. The ongoing trade tensions resulted in a more uncertain global trade environment impacting to a certain extent on activity momentum and continued to lead to a reduced appetite for capital spending amid relatively less rosy global conditions. Within this context, the IMF estimated global growth in 2018 to have reached 3.6%, practically the same as the previous year's figure.

Having said that, core inflation, an indicator closely watched by Central Banks across the world, was contained, even if on the rise in some countries, and remained close to monetary authorities' targets. As such, global financial conditions were generally accommodative and supportive of growth, even if they mildly tightened throughout the year 2018. Central Banks across the world's largest economies during 2018 proceeded with interest rate increases or the scaling back of asset purchases as global economic conditions appeared favorable. In particular, the US Federal Reserve raised its key interest rate by a cumulative one percentage point in 2018 through four rate hikes. This came amid an accelerating domestic economic activity on the back of fiscal stimulus measures and steady gains in the labor market, though current interest rate levels remained low by historical standards and well below previous recoveries.

World Economic Indicators

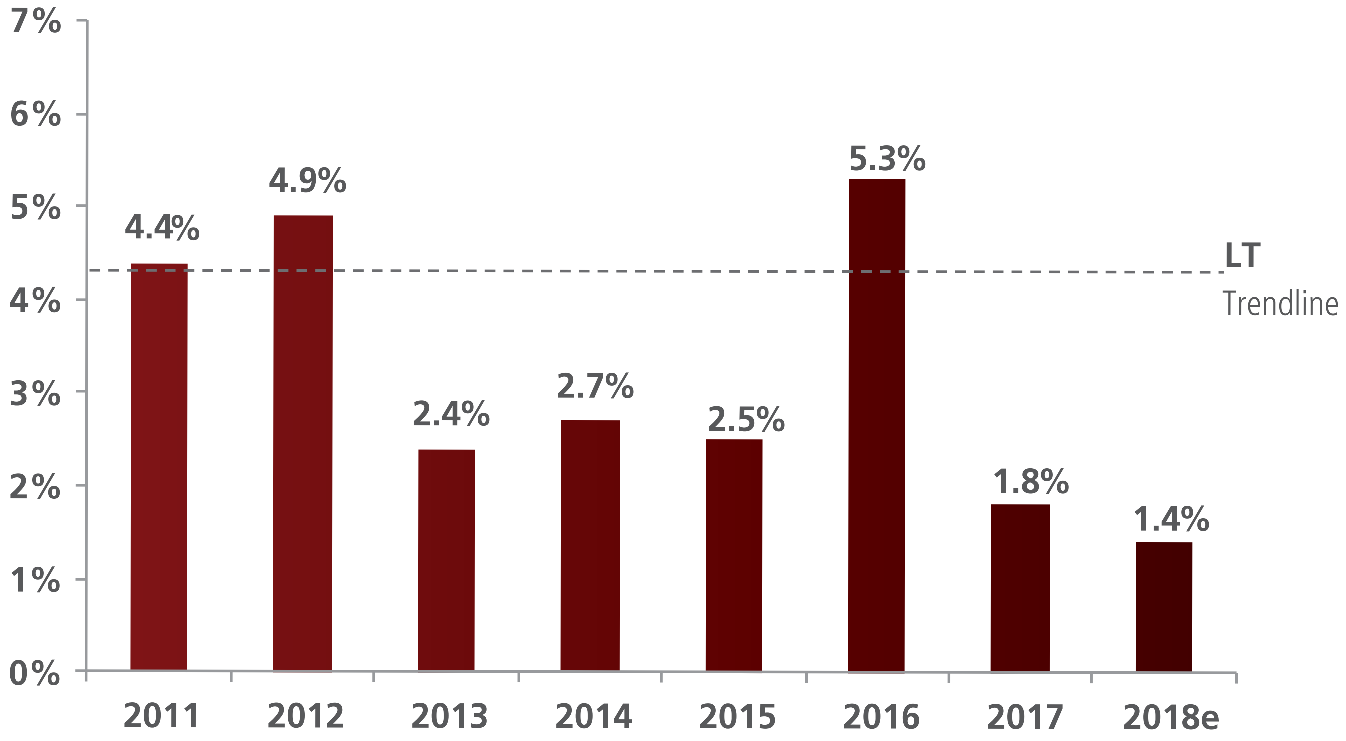
	2013	2014	2015	2016	2017	2018e
Real GDP growth	3.5%	3.6%	3.4%	3.4%	3.8%	3.6%
Average inflation	3.7%	3.2%	2.8%	2.8%	3.2%	3.6%
Current account balance / GDP	0.5%	0.5%	0.3%	0.3%	0.5%	0.4%
Fiscal balance / GDP	-2.8%	-2.8%	-3.2%	-3.4%	-3.1%	-3.0%
Government debt / GDP	78.5%	78.8%	79.9%	83.0%	81.8%	82.2%

Sources:IMF, Bank Audi's Group Research Department

In the MENA region, growth among oil-importing countries has continued at a modest pace in 2018 and looks set to strengthen slightly over the medium term. Growth in the region is projected to have reached 3.8% in 2018, up from 3.5% in 2017. However, growth was uneven and likely to remain low relative to previous trends, while unemployment remained elevated. Furthermore, higher oil prices weighed on already weak external and fiscal balances. The outlook was increasingly clouded by tightening global financial conditions, bouts of financial market volatility, and mounting global trade tensions.

The MENA banking sectors remained at the image of macroeconomic developments at large. Measured by the consolidated assets of MENA banks, banking activity reported an annual growth of 3.6% in December 2018 relative to the same month of the previous year. Likewise, deposits registered a growth of 3.9% and loans reported a growth of 3.1% over the same period. Not less importantly, MENA banks' net banking profitability remained under pressure within the context of relatively low activity growth and tough operating conditions in their respective economies.

MENA Real GDP Growth

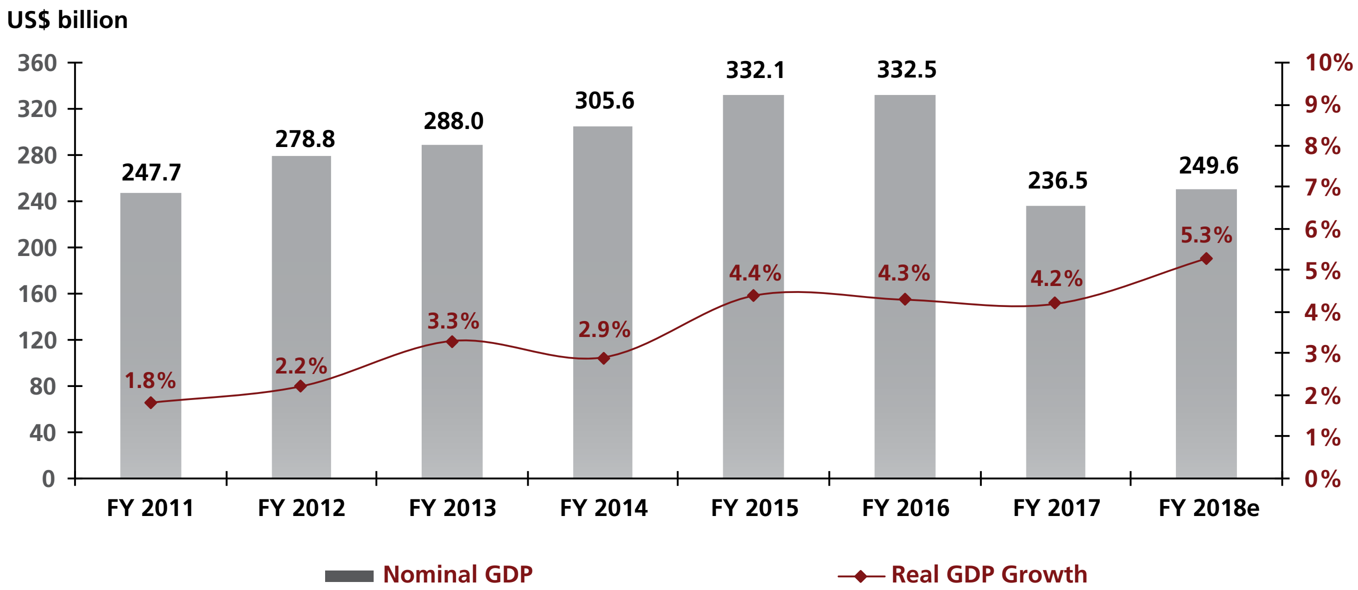


Sources: IMF, Bank Audi's Group Research Department

G |The Egyptian Economy in 2018

In Egypt, the macro environment continued to improve over the past year within the context of the continuation of adjustment reforms and the amelioration of the investment framework, supporting the country's economic prospects on the back of a relative improvement in macro and fiscal fundamentals.
As a matter of fact, all indicators pointed to a relatively bullish economic cycle. At the real sector level, growth was revised upwards by the IMF to 5.3%, the second highest in the Middle East and North Africa, up from 4.2% in the previous year. It is set to slightly but gradually improve over the next couple of years, with the IMF forecasting it at 5.5% in 2019 and 5.9% in 2020.
At the external level, on the back of improved security, a more competitive Egyptian pound, and rising hydrocarbon production, Egypt's current account deficit, driven by a significant rise in remittances and touristic receipts, eased to 2.4% of GDP in the 2017/18 fiscal year, from 6.1% of GDP a year earlier. The current account deficit is forecasted to improve to nil for fiscal year 2018/19 and swing to a surplus in 2019/20, assuming that the security situation remains stable.
At the fiscal level, public finances continued to improve within the context of the overall IMF program for Egypt. The government's deficit to GDP ratio declined from 12.5% in 2016 to 10.9% in 2017 and again to 9.8% in 2018, while the primary deficit to GDP contracted from 3.5% in 2016 to 1.8% in 2017 to a primary surplus of 0.1% in 2018. Subsequently debt to GDP contracted to 92.6% in 2018 (against 103.2% in the previous year).
At the monetary level, Central Bank reserves were on an upward trend while inflation has abated. FX reserves reached US$ 42.6 billion in December, more than tripling in a couple of years, driving a US$ 12 billion surplus in the balance of payments for 2018. Headline inflation fell gradually to reach 12.0% in December, after it hit 33% in 2017, but it is still high by comparative developing countries standards.

Evolution of Egypt Economic Growth



Sources: IMF, Bank Audi's Group Research Department.

At the capital markets level, equity and fixed income markets did not mirror the improvement in macroeconomic conditions. The Stock Market Price Index contracted by 13% in 2018 but amid higher turnover and better market liquidity and efficiency. The annual trading value rose by 7% year-on-year to reach US$ 20 billion in 2018. As to fixed income markets, the 5-year CDS spread, a measure of the market perception of sovereign risks, rose by 75 bps in 2018 to reach 391 bps at end-year.

At the banking sector level, activity expanded at sound levels, with assets, deposits, loans and profits growing by double-digits annually in USD terms. Deposits grew by 14% in USD term over the year 2018. Loans grew by 23% over the same period. The aggregate net profits of listed banks rose by 23% in 2018 relative to 2017. Moody's changed the banking system's outlook from "stable" to "positive" as a result of an improvement in the government profile on which the system is exposed, in addition to an improving economy supporting loan growth and profitability.

Comparative Banking Sector Indicators in Egypt

US Billion	Dec-16	Dec-17	Variation %	Change	Dec-17	Dec-18	Variation %	Change
Bank Assets	218.7	271.0	52.3	23.9%	271.0	303.2	32.1	11.9%
Bank Deposits	152.4	187.5	35.1	23.0%	187.5	213.1	25.6	13.7%
Bank Loans	71.8	82.4	10.6	14.8%	82.4	101.3	18.9	22.9%

Sources:Central Bank of Egypt, Bank Audi's Group Research Department

02

CORPORATE GOVERNANCE

Merging generations

Allows you to move forward with human purpose, with the partnership of past learnings, current goals, and harnessing and leveraging the power of technology.

2. Corporate Governance

A. Board of Directors

Members	Member Status	Corporate Governance, and Nomination Committee	Remuneration Committee	Risk Committee	Audit Committee
Mr. Hatem A. Sadek	Non-Executive	√(Chair)		√	
Mr. Mohamed A. Fayed	Executive				
Mr. Mohamed M. Bedeir	Executive			√	
Mr. Aristidis Vourakis	Non-Executive	√	√(Chair)	√(Chair)	
Mr. Samir Hanna	Non-Executive				
Dr. Imad I. Itani	Non-Executive		√		√(Chair)
Mr. Khalil Eldebs	Non-Executive				√
Mr. Mounir Fakhry	Independent	√			√
Mr. Tamer Ghazaleh	Non-Executive		√		
Secretary of the Board:					
Mr. Ahmed F. Ibrahim					

[1]Mr. Mohamed Fayed resigned from the Board of Directors on **8/4/2019.**
[2]Mr. Mohamed Bedeir was nominated by the BoD as CEO, Managing Director and approved by CBE on **21/8/2019.**
[3]Mr. Tamer Ghazaleh was approved by the CBE as Board Member on **12/3/2019.**

Biographies of Board Members

Mr. Hatem Sadek

Non-Executive Chairman from March 2017
Chairman & Managing Director
from May 2006 until March 2017

Mr. Hatem Sadek graduated with a BSc in Economics & Political Science from Cairo University. He started working in 1964 as an assistant to the Chief Executive Officer in the Information Bureau of the President of Egypt. Between 1968 and 1974, Mr. Sadek became Manager of the Research Center for Strategic Studies and editor at Al Ahram newspaper. He then joined the Bureau of the Secretary General of the League of Arab States for one year. Mr. Sadek's banking career started in 1976 when he established Arab Bank PLC regional office and branches in Egypt and held the position of Senior Executive VP & Chief Country Manager; in addition to Chairman of the Strategic Planning Committee for the Arab Bank worldwide between 2000 - 2001.

Mr. Hatem Sadek then moved to Misr International Bank (MIBank) in 2001 where he held the position of Deputy Executive Chairman of MIBank as well as Deputy Chairman, Supervisory Board of MIBank Europe Gmbh, Frankfurt, Germany. From 2003 till 2005, he was MIBank's Executive Chairman where he launched and supervised MIBank's 5-year total restructuring program, until the Bank was acquired by Nationale Société Generale in September 2005.

Mr. Sadek then became Consultant to Banque Misr's Board of Directors for Change and Restructuring Programs before joining Bank Audi sae in 2006 as Chairman & Managing Director. He was also a Board Member of Odeabank A.Ş Turkey, a subsidiary of Bank Audi sal between June 2012 and March 2017.

Mr. Mohamed Bedeir

CEO, Managing Director
From August 2019

The Board of Directors nominated Mr. Bedeir as Acting CEO & Managing Director since April 2019. Mr. Bedeir is a Board Member & Deputy CEO, Managing Director of Bank Audi Egypt since June 2016.

Mr.Bedeir's banking career spans nearly 28 years bringing his expertise in banking and financial industry to his role in Bank Audi – Egypt.

Mr. Bedeir has an extensive experience in all the activities of Corporate Banking, Commercial Banking, Retail Banking, Treasury, Risk Management, Market Risks, Asset & Liability Management, Trade Finance, Finance, Information Technology, MIS, and Financial Planning.

Mr. Bedeir began his career in 1991 where he worked with Misr International Bank in Letter of Guarantees, Import and Export L/Cs, as well as multinational corporate banking field. Thereafter, he held progressively senior positions whereby in 2000 he managed Investment and Private Equity Division, and then served as the Head of Asset & Liability Management in 2002.

In 2005, He moved to National Societe General Bank – Cairo as he was nominated as the Head of Asset & Liability Management.

In early 2007, Mohamed Bedeir was appointed as the Head of Market Risk, Asset & Liability Management in Bank Audi – Egypt, while in 2008 he shifted to be the Deputy Chief Financial Officer.

In 2009, Bedeir was nominated to be the Chief Financial Officer at Bank Audi – Egypt.
Finally in 2016, he became the Deputy CEO, Managing Director & Executive Board Member overlooking & supervising the Retail Banking , the branches, the Finance, all the operations departments and the IT.

Since joining Bank Audi – Egypt, Bedeir has worked to share Audi's strategy and vision with different stakeholders ensuring Bank's sustainability.

Mr. Mohamed Bedeir graduated from Sadat Academy for Managerial Science – Faculty of Management**,** earning his bachelor's degree in Arts: Management, Concentration: [Banking].
Bedeir received his MBA from Arab Academy for Banking & Financial Sciences in 2011.

Mr. Samir Hanna

Non-Executive Board Member

Mr. Samir Hanna is the Chairman and Chief Executive Officer of the Bank Audi Group. He joined Bank Audi in January 1963 and held several managerial and executive positions across various departments of the Bank. He was appointed General Manager of Bank Audi sal in 1986 and member of its Board of Directors in 1990. In the early 1990s, he initiated and managed the restructuring and expansion strategy of Bank Audi sal , transforming it into a strong banking powerhouse offering universal banking products and services including Corporate, Commercial, Retail, Investment and Private Banking.

He grew the Bank to its current position as the largest bank in Lebanon (and among the top 20 Arab banking groups), with a presence in 11 countries.

Mr. Samir Hanna was elected Chairman of the Board of Bank Audi sal, succeeding Mr. Raymond Audi, on 10 April 2017. He is also the Chairman of Odea Bank A.Ş., Bank Audi's subsidiary in Turkey, and member of the Board of Directors of several other affiliates of Bank Audi.

As Group Chief Executive Officer, he heads all aspects of the Bank's Executive Management.

Mr. Aristidis Vourakis

Non-Executive Board Member

Mr. Aristidis Vourakis joined the Audi sal as Deputy Group Chief Executive Officer in April 2017 after 19 years with J.P. Morgan, where he was CEO, Managing Director leading J.P. Morgan team focusing on Financial Institutions in Central Eastern
Europe, Middle East, and Africa. He was also JP Morgan's Senior Country Officer for Greece and Cyprus.

Based out of London, Mr. Vourakis has led a large number of capital raising, funding and IPO transactions for credit institutions across Europe, and managed the development and implementation of regional expansion strategies and group reorganisations. He has also supported a number of Greek companies and the sovereign itself, in accessing international capital markets following the sovereign debt restructuring in 2012. He is currently a member of the Board of Directors of several affiliates of Bank Audi.

Mr. Vourakis holds an M.Sc. in Accounting and Finance with distinction from the London School of Economics and Political Science.

Dr. Imad Itani

Non-Executive Board Member

Dr. Imad Itani is the Head of Retail Banking of the Bank Audi Group. He has served as a member of the Board of Directors since 2002 and has been a General Manager since 2004.

Dr. Itani started his banking career at Bank Audi sal in 1997, after having worked for a few years in Corporate Finance for major energy companies in Canada.

Dr, Itani formed and headed the team that successfully launched the Bank's Retail business line, today a major pillar of the Bank's innovative and leading position. In 2002, he was appointed Deputy General Manager and Member of the Board of Directors. He was later appointed General Manager – Head of Group Retail Banking. In addition to his responsibilities as Head of Group Retail Banking, Dr. Itani is also Head of Group Islamic Banking.

He is the Chairman of the Board of Audi Investment Bank sal, a fully owned subsidiary of Bank Audi, and a member of the Boards of Directors (and Chairman of the Audit Committees) of Odea Bank A.Ş., Bank Audi's subsidiary in Turkey.

Dr. Itani holds a PhD in Economics from the University of Chicago and is a former lecturer in Economics and Finance to graduate students at the American University of Beirut.

Mr. Khalil El Debs

Non-Executive Board Member

Mr. Khalil El Debs joined Bank Audi sal in 1995. He currently acts as the Group Head of Corporate Banking overseeing the corporate and commercial lending activities of the Bank's entities spanning across several countries in addition to his role as a member of their respective credit committees.

Mr. El Debs actively contributed to the regional expansion policy on which Bank Audi embarked since 2004.

He subsequently established in 2008 the Group's syndication and project finance division, which successfully structured and led a number of key transactions in the MENA region.

He currently serves as the Chairman of Bank Audi LLC (Qatar) and Solifac (Bank Audi's factoring arm in Lebanon) and is a member of the Board of Directors of Odeabank A.S. (Turkey), Bank Audi France s.a. and Audi Investment Bank sal (Bank Audi's investment arm).

Prior to joining Bank Audi, he worked with ABN-AMRO Bank N.V. for two years.

Mr. El Debs holds a Master in Business Administration from the Lebanese American University and is a Chartered Financial Analyst (CFA) since 2001.

Mr. Tamer M. Ghazaleh

Non-Executive Board Member

Mr. Tamer Ghazaleh joined Bank Audi sal in 2004 as Chief Financial Officer (CFO) of its Jordan Branches, in charge of the Finance and Administration Departments there. In March 2006, Mr. Tamer Ghazaleh moved to Bank Audi egypt where he became
assistant General Manager and CFO, bringing a significant contribution to the expansion of the Bank's activities in Egypt and to the establishment of its strong financial pillars. He subsequently moved to become Deputy Group CFO at Bank Audi's Head Office in Beirut in June 2014, and to Group CFO in March 2015.

Throughout his career at Bank Audi, Mr. Ghazaleh was a key contributor to the development and adaptation of the Bank's financial management to its complex needs and expansion plans, mobilizing adequate human resources for financial management and making use of advanced integrated information technology to align the Bank to international best practice in financial management and reporting, and to abide by the evolving International Financial Reporting Standards.

Prior to joining Bank Audi, Mr. Ghazaleh worked with Deloitte and Touch M.E. (Jordan and UAE) for three years and with Standard Chartered Bank in Jordan (where he held the position of CFO and member of the Executive, Risk, and ALCO committees) for three years.

Mr. Ghazaleh holds a Bachelor's Degree in Accounting from the University of Jordan (1998) and is a graduate of the Executive Management Program at the Harvard Business School (2009).

Mr. Mounir Fakhry AbdelNour

Non-Executive Board Member

Mr. Mounir Fakhry AbdelNour is a Member of the Board of Directors of several leading industrial and non-bank financial companies in Egypt and acts as Senior Adviser for Rothschild & Co in Paris, one of the world's largest independent financial advisory groups. Mr. AbdelNour was between 2011 and 2015 Minister of Tourism, Minister of Investments and Minister of Trade and Industry in Egypt.

Prior to joining the Egyptian Cabinet, Mr. AbdelNour was founder and Chairman of Hero Middle East and Africa, previously Societe Egypto-Franciase Pour les Industries Agro-Alimentaires (Vitrac), a member of the Board of Directors of a member of the board of directors of the Arab African International Bank Egypt , Founder and Managing Director of Egyptian Finance Company, Vice President of American Express Bank and representative of Banque de l'Union Europeenne Paris in Egypt and the Middle East. Mr. AbdelNour was a member of the Board of Directors of the Federation of Egyptian Industries, the Egyptian Competition Authority, the Cairo Stock Exchange and the Egyptian Expo and Convention Authority.
He was Chairman of the Egyptian Center for Economic Studies.

Mr. AbdelNour earned his undergraduate degree in Statistics from the Faculty of Economics and Political Science, Cairo University and holds a Master's degree in Economics from the American University in Cairo.

Composition of the Board of Directors

Members of the Board of Directors serving throughout the year 2018 were elected by a resolution of the Ordinary General Assembly of shareholders held on March 2018 for a three-year term expiring on the date of the annual Ordinary General Assembly meeting (expected to be held in March 2021) that will examine the accounts and activity of the year 2020. The Ordinary General Assembly held in March 2018 considered the appointment of 1 new member to the Board of Directors.

The structure of the Board of Directors serving at the date of this report is as follows:

Definition of "Director independence" as per the Bank's Governance Guidelines (summary): "In order to be considered an independent non-executive director by the Board, a director should have no relationship with the Bank that would interfere with the exercise of independent judgment in carrying out responsibilities as a director.

• Such a relationship should be assumed to exist when a director: Is him/herself or in conjunction with any of his/her affiliates a significant client of the Bank. A significant client is considered one who is among the top 10 clients of the Bank or any of its affiliated companies, in terms of either total value of credit outstanding, deposits or fees paid during the previous calendar year.

• Is him/herself or in conjunction with any of his/her affiliates a significant supplier of the Bank, having supplied to the bank services or goods worth more than EGP 8MM over the preceding 3 calendar years.

• Has been a consultant to the Bank or a partner or employee in a firm that provides consulting services to the Bank over the year preceding the appointment.

• He/she or his/her affiliates have been over the 3 years preceding his appointment as a partner or an employee of the Bank's external auditor.

• He/she was employed for the Bank or any of its affiliates over the 3 years preceding his/her appointment.

• He/she or his/her affiliates are partners with the Bank in any joint venture or other type of partnership that represents more than 2% of either of the partner's revenues, in terms of the balance sheet value of their respective stakes.

• He/she are an affiliate - up to the fourth degree - of any of the Board members, or the Bank's Senior Management and/or their related parties.

• He/she is earning from the bank any kind of salary or fund other than his/her allowance as a Board member.

• He/she are BoD members for a period exceeded six consecutive years. For the purposes of the present Guidelines an affiliate of a director or member of the Bank's Senior management and/or their related parties, as the case may be, is defined as: (a) any immediate relative up to fourth degree of kinship or spouse or (b) any commercial entity of which a director or its affiliates under (a) are Board members, senior executives or partners or of which they control directly or indirectly more than 10% of its decision making rights."

Frequency of Meetings

In 2018, the Board of Directors held 6 meetings, the Audit Committee held 4 meetings, the Risk Committee held 6 meetings, the Corporate Governance, Nomination and Remuneration Committee held 1 meeting, the Corporate Governance and Nomination Committee held 1 meeting, and the Executive committee held 6 meetings.

Changes to the Board of Directors during the Year 2019

- The resignation of Mr. Mohamed Fayed as CEO & MD effective 8/4/2019.
- The nomination & CBE approval of Mr. Mohamed Bedeir as MD dated 21/8/2019.

Changes to the Board of Directors during the Year 2018

According to Ordinary General Assembly meeting held on 2/3/2018.

The below members were elected to the BoD membership

- Mr. Afdal Naguib (resigned on 1/10/2018)
- Mr. Aristidis Vourakis
- Mr. Khalil El Debs
- Mr. Mounir Fakhry Abdelnour

The below members' membership was terminated

- Mr. Freddie Baz
- Mr. Marwan Ghandour
- Mr. Maurice Sayde

Bank Audi sae - Sharia' Supervisory Board

- Dr. Hussein Hamed Hassan (Chairman)
- Sheikh Nizam M. Yaqoobi
- Dr. Khaled El Fakih

Auditors

- PricewaterhouseCoopers (PWC)
- BDO Khaled & Co.

B.Governance

Corporate Governance Statement

Introduction

In line with its long-standing commitment to sound governance, the Board of Directors of Bank Audi sae continued to give significant consideration to the Bank and the Group's Governance practices in 2018. As in previous years, it monitored the genuine implementation of the Governance Guidelines and revisited a number of governance related policies and charters, further articulating some and adopting new ones as necessary to continuously enhance the effectiveness of the framework. Changes introduced to the Governance framework of the Bank during 2017 (and 2018 to date) include the adoption, review and/or update of a number of Governance, Compliance and Risk-related policies. As usual, the Bank also continued to monitor the evolution in Governance related regulations and best practices in order to ensure that the necessary changes are introduced to its own guidelines and processes. Bank Audi's Board is satisfied that the Bank's Governance framework conforms to applicable directives and guidelines and is adapted to the Bank's needs and high expectations of its stakeholders. The Board is also satisfied that, in 2018, it has fully discharged all its responsibilities, as mapped in its yearly rolling agenda, and has acted on the recommendations of its committees that also substantially discharged all of their own responsibilities.

Changes introduced to the Governance framework of the Bank during 2018 include:-

- The adoption, review and/or update of a number of Governance, Compliance, and Risk-related policies.
- The segregation of Corporate Governance, Nominations Committee and the Remuneration Committee & the adoption of their new charters.

Bank Audi sae's Governance Framework is governed by a Board of Directors consisting of 9 members elected by the General Assembly of shareholders for terms not exceeding 3 years. The responsibility of the Board is to ensure strategic direction, Management supervision and adequate control of the company, with the ultimate goal of increasing the long-term value of the Bank. Bank Audi Group's Governance framework and that of its major banking subsidiaries, such as Bank Audi sae, encompass a number of policies, charters, and terms of reference that shape the Group and Bank's Governance framework over a wide range of issues including risk supervision, compliance, audit, remuneration, evaluation, succession planning, ethics and conduct, budgeting, and capital management. Clear lines of responsibility and accountability are in place throughout the organization. Strategic objectives setting corporate values and promoting high standards of conduct have been established and widely communicated throughout the Bank, providing appropriate incentives to ensure professional behavior. The Bank's Corporate Governance Guidelines are accessible on the Bank's website at www.bankaudi.com.eg The Board is supported in carrying out its duties by the Board Audit Committee, the Board Risk Committee, the Board Corporate Governance, Nominations Committee, the Board Remuneration Committee, and the Executive Committee.

• The mission of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities in regards to (i) the adequacy of accounting and financial reporting policies, internal control and the compliance system; (ii) the integrity of the financial statements and the reliability of disclosures; (iii) the appointment, remuneration, qualifications, independence and effectiveness of the external auditors; (iv) and the independence and effectiveness of the internal audit function.

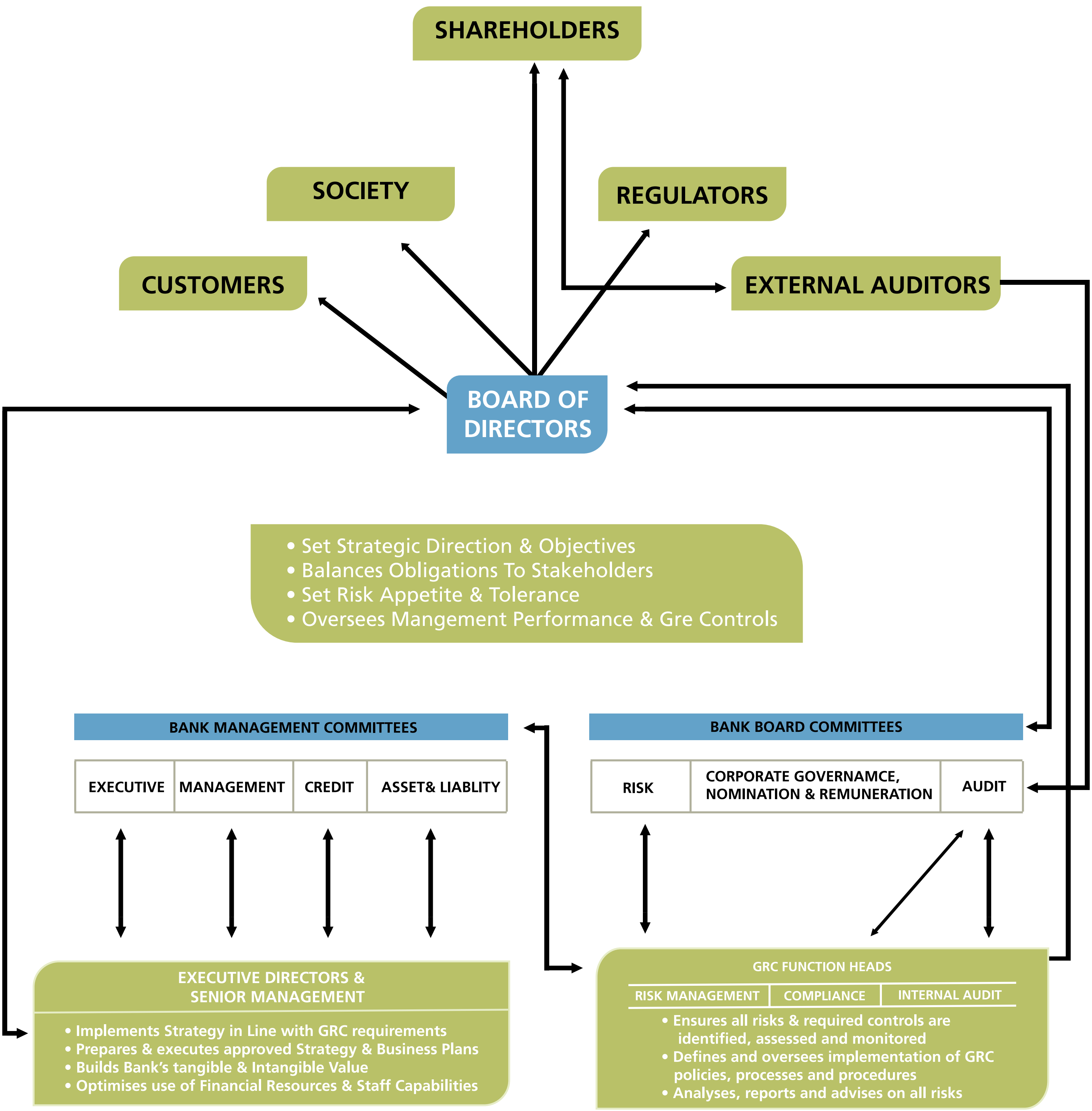
• The mission of the Risk Committee is to assist the Board in discharging its risk-related responsibilities. The Committee is expected to provide a Board-level forum to oversee the Bank's risk culture and review the effectiveness of risk identification and management including the structures, processes and management systems within the overall risk management framework.

• The mission of the Corporate Governance, Nomination Committee is to assist the Board of Directors of Bank Audi in maintaining an effective institutional and corporate governance framework for the Bank, an optimal board composition, and effective board process and structure.

• The mission of the Remuneration Committee is to assist the Board of Directors of Bank Audi in maintaining a set of values and incentives for Bank executives and employees that are focused on performance, and promote integrity, fairness, loyalty and meritocracy.
management framework.

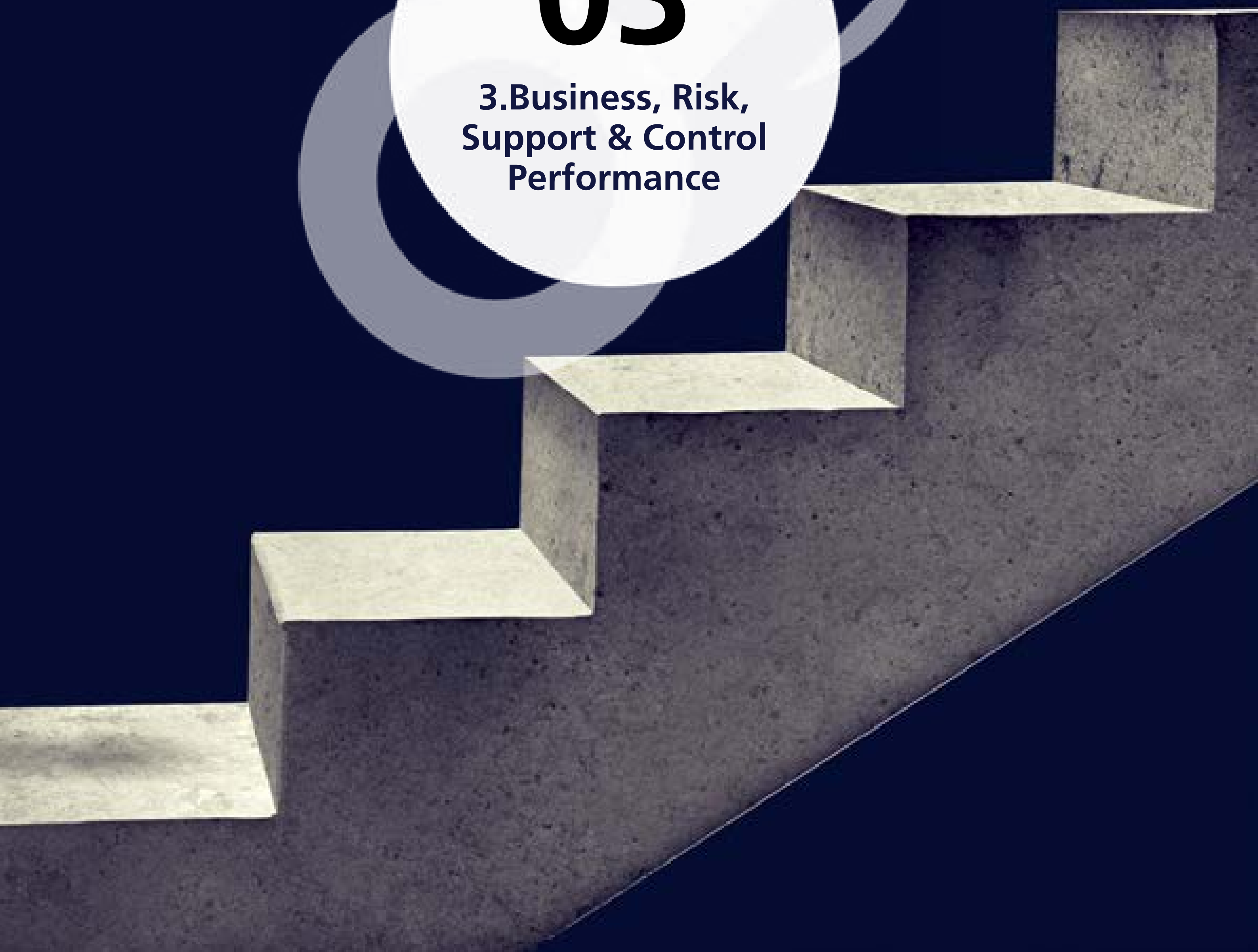
Shareholders	**No. of shares**	%
Bank Audi sal	34,699,998	%99.999993
Audi Investment Bank sal	1	%0.000003
Audi Private Bank sal	1	%0.000003
Total	34,700,000	%100.00

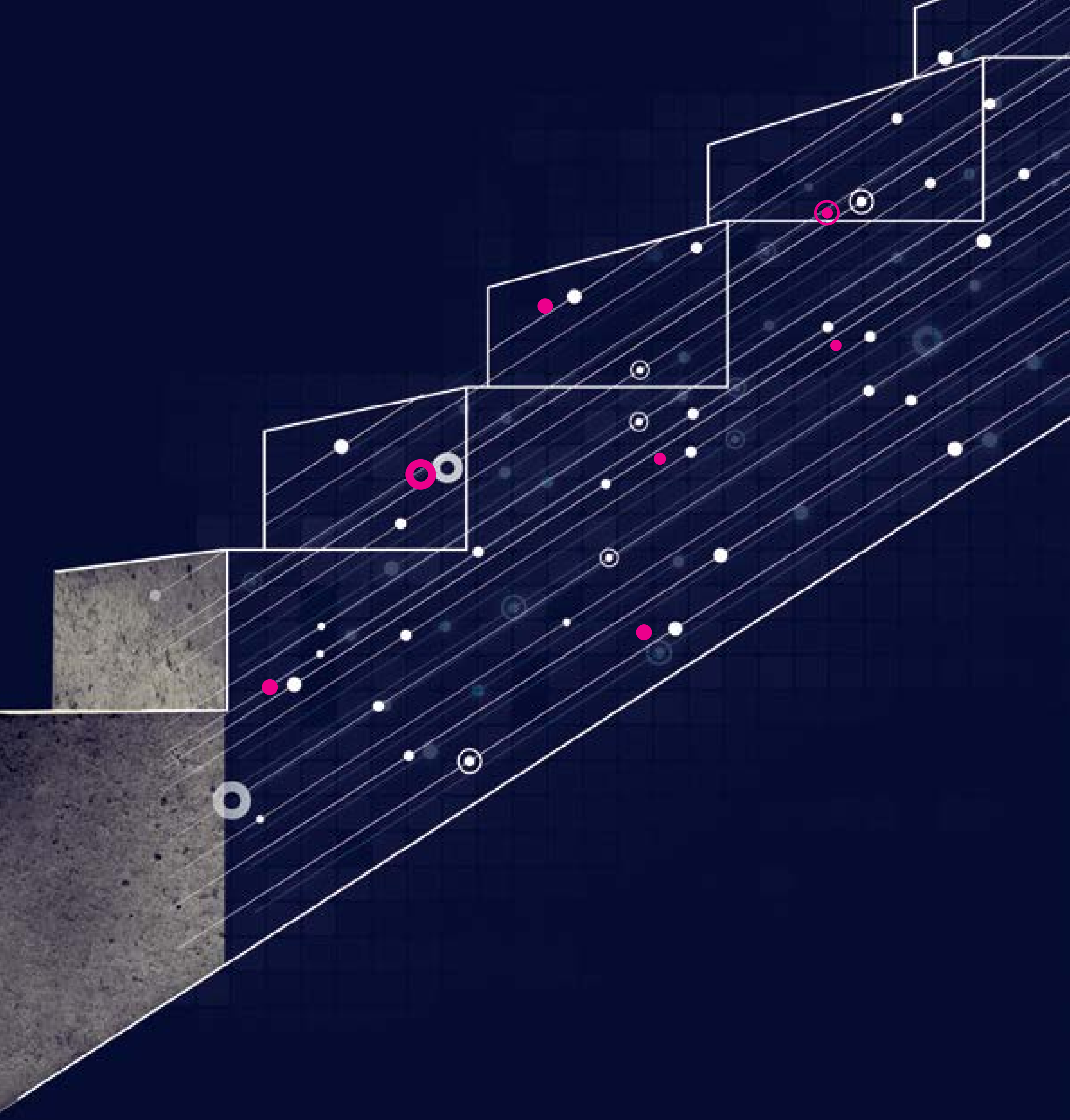
Corporate Governance Framework



03

3.Business, Risk, Support & Control Performance





Opening connections

Provides a strong and meaningful collaboration between people and devices, resulting in new ideas and efficient outcomes, that help create a solid foundation.

3. Business, Risk, Support & Control Performance

A. Business Performance

I. Corporate Banking & SMEs

The Corporate Business Banking group of Bank Audi Egypt in 2018 continued to focus on enhancing returns on the corporate business banking portfolio through sustaining the close relationship management with our corporate customers, rather than seeking a higher booking volume of loans by offering lower rates. In addition, we continued our special focus on the SME sector not least in the endeavor to reach the 20% portfolio guideline set by the Central Bank of Egypt for the end of 2019. A broader penetration of all business sectors remained our main aim, except for those prohibited by IFC policies.

Accordingly, our Corporate portfolio in 2018 related to Large Corporate, Commercial and SME Businesses was almost maintained at the same level showing only a slight increase of 2%, whilst our SME portfolio under increased by around 9%.

The SME group started to work on a special designed product for assessing the manufacturing sector that entailed developing and using a scorecard sheet to help in shortening the turnaround time for internal approval for this type of finance with a maximum limit of EGP 7 million. Alongside continuing to make improvements to promote this product, we also worked on reshaping our SME's Business Model in addition to lending policies, processes and services as necessary to enable us to meet the Bank's lending and risk objectives and align with regulator recommendations.

II. Retail Banking

Discipline and perseverance govern Bank Audi Egypt to achieve outstanding results for shareholders from our Retail Banking in 2018. Bank Audi continued in applying the strategic focus to meet the next major milestone in BAEGY's transformation journey by introducing AlFanar transformation program the new core banking system **"FlexCube"**; in addition to the new loan origination system **"NewGen"** into live operation to closely support our Retail customer needs and achieve greater operation efficiency.

Bank Audi's focus for sustainability in Retail Banking remains on the diversity of the products and service to its customers. We have continuously taken steps to deliver simple, leading and innovative products to help clients achieve their ambitions. So our mission remains to create outstanding stakeholder value by providing best in-class financial solutions to the individuals and very small enterprises that drive the Egyptian economy.

Bank Audi has always been active when it comes to extending financial support and adapting to clients' ever-changing needs. Commitment to meaningful customer relationships as a key strategic objective has led to the development of innovative products that directly reflect the mission and values at the core of its work.
During 2018, Bank Audi provided a wide array of alternative delivery channels and services that reached 152 ATMs, and 46 branches, and a 24/7 call center. We have also introduced new services through the ATM network such as credit card payment, **card-less services,** such as mobile wallet load, cash out and Fawry payment in addition to enhancing **"Audi Online"** features and discounted services. Also we have enhanced our wallet application **"Audi 2 Pay"** with new unified QR code to be ready for the new merchant payment method which will be introduced to the market very soon. In addition, we enhanced the customer experience in bill payment service and through introducing Arabic language.
During 2018, we increased with a 28% growth rate our deposits from individuals, while total deposits including corporate increased by 39%. In addition to that, we introduced a new "Step up saving account" with a competitive interest rate to cater for several customer needs. Furthermore we introduced the "Floating CD" with a competitive interest rate of only 0.5% below corridor bid rate. Finally we launched "The Elite CD" which is a fixed interest rate CD exclusively offered for Audi Premiere and Audi Select customers. In line with our focus on sustainability of customer relationships, we kept focusing on the "Audi Premiere" segment through enhancing our premiere value proposition as well as launching our new "Audi Select" segment that provides special package offers exclusive to the Bank's Select customers.

In credit cards business, we also enhanced our customers' experience through a customer engagement strategy from acquisitions through a wide range of Bank credit card products, activation via proactive calls and SMSs; focusing on customer usage through spending campaigns and providing attractive zero interest monthly installment campaigns accompanied with monthly discounted offers for our cardholders. We also added a new optional service for our credit cardholders of a "protection shield "which is an insurance to cover the outstanding balance of the credit cards in case of death. Also, we upgraded our Titanium and Silver Mastercard credit cards to be integrated with the CHIP&PIN technology, in addition to facilitating the credit card deposit process by enabling the Deposit through Bank Audi ATM's.

Bank Audi Egypt succeeded to grab the loyalty of its Retail clients by increasing our retail-lending portfolio to reach EGP 6.2 Billion EGP as of December 2018.

We also started capitalizing on the business opportunities in the SME's asset finance market after launching the Very Small Business Loans **"VSBL";** categorized with annual sales turnover starting with EGP 1 Million up to 10 Million, and built up a portfolio of 500 clients by December 2018.

Bank Audi also launched **Credit Life insurance packages** on consumer loans and credit cards, for more customer protection and add on benefits.

As Bank Audi Egypt has always been one of the most proactive banks in Retail banking sector, we ranked as the seventh bank in terms of total Retail lending portfolio between the peer groups of private banks as of Q4 2018. Moreover, the 10th in terms of Retail loans portfolio, 5th in credit cards ENR and 8th in Mortgage lending between the peer groups of private banks as of Q4 2018.

Bank Audi also launched **Credit Life insurance packages** on consumer loans and credit cards, for more customer protection and add on benefits.

As Bank Audi Egypt has always been one of the most proactive banks in Retail banking sector, we are ranked as the 7th bank in terms of total Retail lending portfolio between the peer groups of private banks as of Q4 2018. Moreover, the 10th in terms of Retail loans portfolio, 5th in credit cards ENR and 8th in Mortgage lending between the peer groups of private banks as of Q4 2018.

III. Treasury

The Bank's Treasury team is a strategic business partner across all areas of our business. Adding value to the operating divisions of the Bank, the Treasury's function is important in making sure that the business has sufficient liquidity to meet its obligations, whilst managing payments, receipts and financial risks effectively. Bank Audi's blend of well-educated traders provide assistance to all of the Bank's business partners in order to spread the knowledge on the various treasury products it provides and to ensure a mutual benefit environment.

During 2018, the Bank's Treasury team worked on fine tuning its font office system (MIREX), adding more privileges/products/reports to achieve significant levels of automation thus maintaining a fast, efficient and sustainable service experience. The new updates reduced the manual intervention to a minimum, which in turn enhanced the time needed for all treasury daily operations.

In 2019 the Egyptian economy is predicted to hold a stable growth momentum. International reserves are on the rise, the budget deficit for July-December is expected to fall to a new low due to energy subsidy cuts expected to take place in July. The MPC strategy's stance is also steady, targeting benchmark interest rate cuts in order to stimulate local production, boost the economic cycle and decrease the budget deficit. The latter may be subdued a little in order to manoeuvre around the inflation wave that might result due to the energy subsidy cuts. The Bank's Treasury department has a well-built strategy in order to reap all the benefit from the improving economic stance especially on the fixed income side, so that an increase in market securities prices will lead to enhanced fixed income capital gains.

IV. Capital Markets & Investments Egypt Stock Exchange 2018:

In the year 2018, the Egyptian equity market witnessed a historical increase in April 2018, where the Market reached its lifetime high with EGX30 level of 18,400 with an average trading turnover reaching EGP 2 Billion per day.

After a promising start for the year 2018, EGX 30 witnessed a severe selloff trend starting Q2, 2018, and the market closed the year at its utmost negative territory, losing almost 30% from its hike by reaching a Level of 13035 at closing 2018.

The market tumbled on the changing short and medium term economic outlook. This was mainly due to the so-called emerging markets Zombie Apocalypse. In other words, emerging markets have been witnessing Foreign Portfolio Investments (FPIs) outflows with the fear of currency depreciation in these markets, against a very strong USD, coupled with a world economy slow down with the risks taken during US/China global economic rally.

Despite the extremely volatile market during 2018, the Bank's Capital Markets & Investment team managed to increase its contribution from collective achievements by 50.60% year on year reaching a Net Financial Income of EGP 25.1 Million up from EGP 16.7 Million in 2017

In 2019, the Bank's Capital Markets & Investment team are focusing on activating new business partners agreements to encounter any future market volatility across all Capital Markets products areas, coupled with an upgrade into digitalization in Capital Markets Products. The deepening and sustainability of the relationship with the Bank's Capital Market partners and customers to facilitate their business as usual transactions is expected to be reflected in the future growth of the Bank's profitability.

V. Financial Institutions & Correspondent Banking

Bank Audi Egypt's Financial Institutions "FI" department manages relationships with correspondent banks worldwide and acts as the Bank's first gate for correspondent banks.

FI covers the Bank's business with local and foreign banks through its dedicated teams; Correspondent Banking team and Programs & Multilaterals Relations team.

In 2018, the Egyptian Banking Sector surpassed the challenges of Egypt's economic reform program, mainly the exchange rate volatility of the Egyptian Pound primarily impacting on Import & Export business; and adopting CBE mandate related to the enhancement of SME lending.

In 2018 with such challenges as its backdrop, the FI strategy was to attract new business, increase profitability, and ensure that the highest quality of services were provided to the Bank's clients. Sustaining and exceeding customer satisfaction, remained the bedrock of how the Bank managed its business relationships through its wide correspondent banks network supported by Bank Audi sal's strong presence in France, Turkey, Qatar , Jordan and Switzerland and by covering more than 150 countries.

FI was highly active in supporting and coordinating the Bank's relationship with various correspondent banks and provided an array of products and services including trade finance, direct lending, international payments and tailored/structured solutions, positively reflected in providing new business approaches meeting the Bank's clients' needs. A number of factors reinforce the Bank's FI role namely; experienced relationship officers; a diverse network of almost 200 global correspondent banks; strong ties with multilateral financial institutions in addition to the strong sponsorship of Bank Audi SAL. The Bank also continued to act as a participating bank in FI Syndications.

This was achieved by capitalizing on the positive move by rating agencies who upgraded Egypt; Standard & Poor's credit rating for Egypt stood at B with stable outlook. Moody's credit rating for Egypt was last set at B2 with stable outlook. Fitch's credit rating for Egypt was last reported at B+ with stable outlook, triggered by the country's progress in implementing economic and fiscal reforms, driving improved macroeconomic stability, fiscal consolidation and stronger external finances. The Bank's FI continued to witness growing global interest in investing in Egypt, offering various funding instruments to support short and long term facilities in various aspects.

Programs & Multilaterals Relations

The FI team focused on sustainable development funds and credit lines provided by government and multilaterals agencies that positively impact our community and environment. The Bank acted as an agent bank for funds and credit lines by providing an array of services and tailored operation mechanisms, and promoting funds to potential clients to increase SME accessibility to credit lines.

In 2018, the Bank managed lending of up to USD 10 million for SME's eligible to the European Bank for Reconstruction and Development (EBRD) criteria, under its loan agreement to secure additional sources of foreign currency, mainly to satisfy small and medium enterprises' needs.

Bank Audi Egypt intends to expand its trade finance coverage to satisfy its existing corporate client needs and attract new clients, through signing trade facilitation programs with multilateral financial institutions to support Egyptian exporters' trade transactions with Africa.

Going forwards, Bank Audi FI's main Objectives are to:

- Continue to explore and penetrate new markets.
- Focus on supporting Egyptian trade and business.
- Introduce/innovate revenue-generating products and services.
- Attract funds and participate in new developmental programs.
- Increase Bank Audi Egypt's market share of direct and indirect microfinance lending

VI. Islamic Banking:

During 2018, Bank Audi's Islamic Banking focused on the following tasks in building a sustainable Islamic banking strategy, namely:

- Full financial segregation of the Bank's Islamic Line of business in response to our Sharia supervisory committee.
- Applying segmentation to our Islamic business clients in order to prioritize our target segments by allocating more attention and resources to the most profitable segments.
- Allocating all our Islamic portfolio to dedicated Islamic Relationship Managers, which is viewed as a key success factor for enhancing the level of services extended to our Islamic clients and monitoring and appraising staff per formance based on their portfolios growth rate.
- Developing the Islamic banking section on the Bank Audi Egypt website by providing brief details about our Sharia Supervisory board members, main Islamic retail and corporate products, Islamic SOC and frequently asked questions.

- Developing Islamic Savings Plus and Wakala Investment accounts.
- Enhancing Islamic retail procedures to ensure compatibil ity with the new core banking system functionality.
- Centralizing operational processes for Islamic Time Deposits and Certificates of Deposit to achieve more focus on implementing the Bank's Islamic Banking vision and strategies in unifying services across all branches as well as improving quality and control of these processes.
- Establishing an Islamic Business Support department to support Islamic business activities.

VII. Global Transaction Services (GTS):

"Technical Innovative Solutions" and "Service Excellence" are the main drivers of our GTS department with the aim of becoming the top-notch service provider in both Cash Management and Trade Finance businesses. The role of the GTS department is introducing technology driven initiatives and products; contributing to our society's digital transformation through diverse products and service models.

With continuous efforts to enrich our customers' banking experience, the GTS capitalized on the innovation and development of tailor made products and services to help support companies regardless of their size, line of business or industry.

Going along with our nation-wide approach to digitize all transactions and shift to a cashless based society, the GTS department in cooperation with E-Finance Company successfully provided bill payment services using E-Pay's generalized portal. GTS also established the Corporate Payment Service (e-CPS) portal, which allows corporate customers to pay and manage their governmental payments 24/7 from the comfort of their offices.

The GTS Trade Business is also an important arm under the GTS umbrella and a key pillar in the Bank's Trade Finance profitability contribution. Our GTS Trade Finance Relationship Managers provided ongoing support to our branch network team in terms of new-to-bank client acquisition, technical solutions and consultancy. Trade Finance portfolio analysis and reporting indicated that the Bank's Trade Business witnessed noticeable improvements throughout 2018.

VIII. Branch Network

2018 witnessed further progress at both the financial and non-financial level with the Bank's Branch Network.

Aligning with the Bank's strategic objectives to maximize the level of customer satisfaction, a new structure and model was implemented for Branch Network management and support that served to enhancing the service excellence pillars after defined allocation of staff based on competency assessments and level of experience. This impacted positively the delivery of high quality service within a competitive turnaround time.

In the meantime, new tools were introduced to smooth the mission of our network distribution of 46 branches by enabling them to work smartly and build a balanced portfolio mix with consistent business achievements which will decrease the concentration ratio. This was achieved by utilizing segmentation criteria, which was one of the main pillars of Branch Network management and support during 2018, not least by re-assigning portfolio managers having the required competency and experience required to deal with each segment. As a result of this direction, we were able to build a more solid and sustainable portfolio, decrease the concentration ratio, utilize the identified value chains to direct cross selling to increase our client and segment penetration ratios based on deeper customer need analysis. Therefore we built the base from which to increase customer retention and build stronger customer loyalty to Bank Audi.

The financial outcomes for 2018 showed a 38.6% incremental increase in deposits, which reached EGP 31,287,322,343 with a portfolio Mix of 71% Individual customers versus 29% Corporates. Our total Branch customer base increased by 13.2% to reach 148,334 clients

A new proposition of new segment ''Select" will be launched during 2019 which will empower our sales force to acquire new to bank client segments, and which enable effective relationship management that will further enrich our portfolio.

B. Risk Performance

Credit Risk

Bank Audi Egypt's Credit Risk function encompasses several departments, namely Credit Risk Assessment, Credit Administration, Credit Investigation and the Loan Remedial department, all of which are geared towards safe and diligent granting of corporate credit facilities for proper utilization and monitoring.
The ultimate target of our credit risk management operations is to minimize risk to acceptable levels and reach optimal capital allocation by achieving a balance between risk versus return in our portfolio, guided in our endeavors by international standards and best practices.
During the past 13 years, the Bank's Credit Risk function has represented the main safety valve in the Bank's placements of funds with corporate clients; it has participated in our rapid yet safe asset growth and build-up of the healthy portfolio that is evidenced today by a balanced risk profile.
On the technical side, the Bank has evolved during the years to move towards automation systems to achieve a more accurate

and consistent credit granting process backed by globally renowned systems and institutions.

During the years of turbulence that the market has endured, the Bank's Credit Risk has remained vigilant to the factors at play, yet was able to maintain enough vision and flexibility to aid the Bank's business developers to assist their clients in these stressed times.

On the internal part, the Bank's Credit Risk management have been with the Bank since its inception and managed to build up a strong team of exceptional calibers around them that have ensured loyalty and commitment to sound credit risk practices whilst facilitating the Bank's ability to grow.

Looking forward, we are aware of the challenges and market pressures that face the banking sector in Egypt. Our role is to carefully select and cater to new categories of clients, which calls for innovative and out of the box ideas while maintaining regulatory based prudence in line with the environmental conditions.

Market Risk

Risk Management framework by which the Risk Department currently identifies, analyses and monitors all market risk factors within the Bank. The function also conducts different scenarios, stress testing and correlates its findings to capital adequacy, liquidity and profitability to provide advice to senior management and the Board.

The Bank is exposed to market risk, primarily arising from open positions related to currency, of which each position is exposed to market movements and foreign exchange rates. The Bank separates its exposure to market risk into trading and non-trading portfolios.

The Bank's Market Risk management division oversees, reports and advises management and its committees, (such as ALCO) and the lines of business on the market risks arising from these trading and non-trading activities. Regular reports are submitted to the Board of Directors and each business unit head.

Foreign currency and interest rate risks arise out of the Bank's interest and currency exchange rate sensitive assets and liabilities. The mismatch in the re-pricing dates of these positions creates interest rate risk for the Bank, which is inherent to its banking activities. The Bank sets appetite, tolerance and limits for its various market risks to ensure that they remain within acceptable bounds.

Operational Risk

The Operational Risk Management department is one of the main and vital risk management arms of Bank Audi Egypt. It defines principles, and methodologies to ensure an effective management of the Bank's operational risks, while ensuring compliance with the Basel Committee requirements, as well as relevant laws and regulations pertaining to operational risk management.

Our Operational Risk framework formulated over 13 years ensures risk mitigation to desired levels across the Bank through standards and approaches adopted to identify, assess, monitor and control the Bank's operational risks arising from business activities. This goes hand in hand with being managed by well-set policies and procedures that consider the needed controls to mitigate the risks to tolerable levels.

Retail Credit Risk

Bank Audi Egypt's Retail Credit Risk function leveraged the infrastructure developments of the past two years to deliver a portfolio that is consistent, predictable and with healthy assets credit quality. Throughout 2018, retail risk fine-tuned the scorecards, expanded the automation of analytics and performance reporting on our dashboards for quick and comprehensive access to intelligence. The output was regularly tested and validated for accuracy and reliability enabling informed business decisions, which delivered the required growth rates within the desired risk appetite. The controls environment was proven effective through a series of internal, external, and regulatory audits all reporting a satisfactory controls environment.

C. Control & Support Performance

I. Support Functions

Operations

Working as the backbone to the daily interactions inside the Bank, Operations division has the focal point of service quality, operational easiness and control. Post implementation of new core banking system Flexcube, and the multiple centralizations of front liners activities, the division ensured smoothness of workflow while keeping regulatory and compliance standards in place.

Capital Market Operations

Bank Audi's Capital Market Dept. (CMO) has been serving the Egyptian Market for the past decade providing multiple services such as Custody and book keeping of stocks, Margin Trading, Bank Audi Egypt's Money Market fund and Ezdhar balanced fund. During 2018, CMO increased the number of served clients from 7791 to 8253 and increased the number of brokerage companies served from 17 to 21 resulting in an increase in revenue from EGP 17 Million to EGP 25 Million, with the efforts of only 7 employees. For Margin Trading (where Bank Audi Egypt is a market leader with EGP 274 million funded) our revenues showed an increase of 171% with an increase of 23% in number of customers and the addition of 2 brokerage companies.

Also Custody and bookkeeping showed an increase of 111% in revenue. As for Bank Audi Money Market Fund, the IC price increased from EGP 22.32 to EGP 25.58. Finally, the Balanced Fund Ezdhar IC price increased from EGP 183.31 to EGP 199.05.

Operations - Centralized Payments, CD's & TD's Department

The team managed to launch ACH Outgoing transfers. Currently they are working on a New Payroll System as well as on a new bulk payments system (CORPAY). Finally the Islamic CD's & TD's Centralization is now completed and functioning.

Operations - Trade Finance

The Trade Finance team reached the final stage to start implementing the most updated version of TI (Trade Innovation) for full automation in order to ensure high quality of service and full control for all Trade Finance products.

Operations - Centralized Account Opening and Legal Seizures Operations Unit

For this Department, the total number of transactions during 2018 was 374,632 with execution done on a timely manner and with high quality and full control. New tasks were added to the Department's responsibilities and activities relating to the issue of Audi2pay (Wallet) and CMS (debit cards issuance).
As for the Legal Seizures Operations Unit, they managed to execute all legal seizure requests in a timely manner, with high quality and full control which reduced the Bank's different Risks such as Reputation and eliminated Financial Losses which might have occurred.

Treasury Back Office

The execution of all (FX, MM, Fixed Income) transactions related to Treasury Front Office with the related payments and confirmations were done on a timely manner and with high quality and full control. The team successfully managed the Bank's Foreign Currencies Cash flow management and control. Similarly, the handling of taxation for T-Bond and T-Bills transactions were executed on set due date with full abidance to CBE regulations. Client satisfaction was and will always be their first priority.

Operations - Checks Services, Centralized Cash, SI and Internal Transfers

The Operations division successfully initiated Centralized Internal transfers and Standing Instructions to unify standing instruction execution across the Bank and supported business lines so as to allow them to focus in achieving the Bank's overall business goals. New check services processes supported business lines for accelerating their decisions for lending to customers against commercial papers. Moreover, Check Collection processes (inside and outside CBE Clearing house) have been improved to increase customer satisfaction which have a positive impact for the Bank's reputation. Bank Audi became one of the leading banks in the Cash market since our cash center succeeded to maintain new channels with banks across all of Egypt, which in turn raised the profitability from cash deals.

Operations - Organization and Re-Engineering

Process improvement is the main pillar for this department, while automation of workflows and customer requests remains the number one target. The Department managed to update bank-wide procedures according to the new core banking system during Q4 2018 as well as completing the E-Forms project, which aims at providing a customer-friendly applications/requests for ease of use. Development of Schedule of Charges (SOC) which contains bank tariff along with its regular update kept the competitive edge for Bank Audi across the entire banking sector in Egypt.

Finance

Finance department always improves methodologies and practices applied to ensure valuable decision making support, increased transparency, and sound compliance to standards and regulations.

Enhancements introduced to managerial reports included new FTP methodology that is applied on account level, a more effective profitability analyses on the level of branch and client, RAROC models, enhanced presentations, and a more effective analysis concerning cost and income of Lines of Business.

Finance also played a major role on the level of application of new standards as the introduction of IFRS 9 required comprehensive preparations and coordination between several departments within the entity as well as external auditors, and also the calculation of the financial effects of initial application was crucial in order to be ready for the formal application of the standards according to CBE with the beginning of 2019.

Information Technology

Business Technology Team

We worked under resource pressures across all IT areas and still managed to successfully support our Bank in its operations and expansion focusing on stabilizing all AL-Fanar program related systems.

We extended support to Bank Audi SAL in their transformation program until it successfully went live at the beginning of the 2019. On a specific scope, the Business Intelligence team implemented a set of enhancements/fixes that solved daily cycle issues and improved the system performance and shortened the cycle timing to almost 6 hours. The Business Technology Unit and Business Intelligence team jointly with the Central information team also implemented almost 170 Change Requests covering new products, new reports, new advices, changes on existing interfaces/ETL. Similarly, they also worked together on Bank Audi Egypt's newly planned projects (CRM, Internet Banking & Mobile App) exploring all available solutions and helping business teams in deciding the best solutions that fulfill the Bank's requirements. The Business Technology team jointly with the Infrastructure team, also successfully launched the Bank's new Archiving system (DocTrac).

From a control perspective, we were able to handle satisfactorily all internal and external Audit observations related to our areas, that depended on process and/or systems configurations.

Application Support Team

New treasury products were created such as SME Repo product for financing SME companies to fulfill the CBE recommendations and Egyptian economy challenges, in addition to many modifications being carried out to enhance the performances and controls on Treasury Applications to facilitate the end user daily tasks.

A new module (UETR) was implemented on the Swift gateway for covering Swift mandatory changes in 2018 which saved money and time previously needed to apply these changes on Core Banking System and other Back Office Applications which use Swift messages.

A new check book printing system was implemented which applied more controls for issuing customer check books by using the high quality of secured paper and facilitated inserting any message/permission required in sending from bank business owners to customers based on their categories.

For improving the service quality on branches, the signatures verification tool of credit cards was applied on the Banking Signature Application to facilitate this function for the credit card customers of branches.

CIM, DPU and MW Architecture (Information Management) Team

Working with bank policy for cost, time and performance optimization, the team achieved a great job by analyzing the business and Bank requirements. The team achievements included the following: In house development for utilities. Conversion utility for External Party file upload, which is used by the core banking for uploading accounting entries that are used by most of the Bank's departments such as Finance , HR , Payroll. A Payroll solution (PHASE 1) which will be available for Customers and speed up the payroll internal process and this will help in the marketing of the payroll product. A TAHWEEL settlement utility and a BASEII Settlement conversion utility (RRN conversion).
In addition, there was a Customer Statement development for adhoc statement compiled with the Audit requirements. We also assisted the business with a centralized solution for Inter branch loans disbursements or payments and checkbook requesting. We added a solution for auto close FCUB users not logged in to the core more than 90 days.
Working with Finance Department on Swift reconciliation issues, we observed End of day timing and stuck points, which led to raising 2 issues to Oracle Support and receiving fixes which saved the Department about 50 minutes of work on a daily basis. We also observed backup processes, which were taking more than 16 hours and huge space for storage, enhancing the time and storage by almost 70%.

E-Channel Architecture Team

Bank Audi Egypt's IT team supported and participated with other Bank Audi entities in Jordan and Syria in their E-channel transformation projects such as ATM switch and Card management system upgrade in addition to all enhancements and new projects related to the Debit and credit cards .
Regarding the achievements of our E-channel department, we implemented a new service for the customers to obtain their debit cards instantly during their visit to the Bank Branches by providing the Branch with a new Instant issuance application for the debit cards. We also availed two new services on the Bank's ATM network which were Cash-In, Cash-Out for Mobile wallet and instant deposit for Bank Audi credit cardholders to minimize requirement for customer visits and queueing in the Branches by their utilization of these automated services .
To meet Compliance recommendations and maximize the Cash withdrawal fees through our ATM network, we reduced the withdrawal limit per transactions for non-Bank Audi Egypt customers and provided them with a new service to initiate and rest the pin block for their Visa Cards to comply with the Visa International mandate.
In addition to the above, our ATM network increased to 148 ATMs at the end of year 2018 and covered by all application security to meet the recent security measures in the technology. The Bank's Debit card portfolio increased from 73,868 Cards to 111,887 cards during 2018 .

IT Infrastructure and Support Team

IT Infrastructure division suffered from a high percentage of staff turnover during 2018, and the joining of fresh resources with no experience in the Bank's projects. Despite this, the IT Infrastructure division was able to successfully maintain smooth operations across all infrastructure platforms with no major failure incidents or service disruption, beside the successful completion of multiple Security Infrastructure enhancements projects (Sandbox Email and Internal network) which protect the Bank Information Assets from being Virus Infected through targeted attacks. This included DNS Security, which protects the Bank from internal infections if they should occur or to communicate with dangerous websites outside the Bank and to control the Bank's network. Likewise, web Security to protect the Bank from injected malicious infections that can infiltrate the Bank's network through accessed websites, as well as carrying out other security related projects.

IT Operations Team

We adopted a new type of devices for our employees. The new devices were used to replace older ones, which enhanced availability and productivity. As they consume less power, this had a positive impact over the environment. For the technical team, they provided a better and easier way of management, and leveraged their knowledge. Moreover, it reduced the cost of ownership significantly.

Human Resources

Throughout 2018, the Human Resources team in Bank Audi Egypt sustained its focus of maximizing the value of Human Capital through its alignment with the Bank's strategy and values, as well as through the design and implementation of up-to-date policies, systems and schemes.

The Human Resources Team hired 263 staff during 2018 focusing screening efforts on over 1,000 Competency Based Interviews while reducing the recruitment cycle through digital initiatives. 112 employee moves were also managed under the job enrichment and job rotation umbrellas.

Furthermore, a review of allowances per grade was carried out to ensure competitive positioning in the market and a new salary structure for fresh graduates was developed based on the level of education.

On a different note, the New Branch Model project was finalized. This included structure re-engineering, capacity planning, assessment, allocation and recruitment, and proper job evaluation. Field visits were conducted to properly share the purpose behind the new model implementation.

The Human Resources team also made sure to enhance the Retail Credit payout as well as the Direct Sales payout and incentive scheme in order to lead the market in the assets sales. It also introduced the Profit Share Scheme for Branch roles in order to lead the branch sales area in the market.

As for Training and Development activities, they totaled up to over 13,712 hours and were delivered to 994 employees; mostly covering selling skills and risk awareness courses.

Last and towards the end of the year, a full-fledged Talent Review exercise was launched and implemented in close collaboration with Human Resources in Lebanon and concerned Heads of Functions using the 9-box methodology. As a result, Human Resources will be allocating a special training budget and work on the development of a fast track promotion and special compensation scheme for high performing and high potential employees for better motivation and retention purposes.

Strategic Planning

Building on Bank Audi Egypt's 2015-2018 Strategy, the Strategic Support team – in 2018 – initiated a major overhaul of our Strategy for 2019-2022. As a kickoff, a two-session strategy workshop was facilitated in collaboration with West Gate Consultants, a pioneer in the field. As soon as our macroeconomic external environment is assessed and a refresh of our Vision, Mission, Core Values and major Strategic Objectives is finalized, a further cascading of these elements will be made to all functions, ensuring that every aspect of our strategy is carefully implanted into the Business Plans of each function.
The Strategy workshops were conducted over two sessions; the first one enabled each Line of Business to reflect on its past and future plans, as well as identify their needs for the future. While the second session brought together our Support Functions who play a crucial service provider role, actively embracing and supporting the needs of the Lines of Business.
To ensure a top-notch Strategy implementation, the Bank's upcoming strategy adopted the use of SMART KPIs; namely: Specific, Measurable, Achievable, Relevant, & Time phased, that closely mirror the Bank's Strategic Objectives.
To date, both sessions have proven to be very successful and the Bank's Strategy formulation process is going according to plan.

Corporate Social Responsibility

Bank Audi Egypt believes in its role to support the Egyptian community. In 2017, the Bank collaborated with Baheya Breast Cancer institution through a co-branded credit card where up to 1% of all customers' transactions are directed to the organization as donations.

The same was in 2018. Not only that, but in 2018 we have dedicated a considerable amount of EGP 17 Million to support the medical platform and remove some of the pressure the patients go through namely through Egypt Is A Country Free from Virus C 2020 and Nour El Haya Project- Tahya Misr Fund.

On another front, Bank Audi Egypt has also continued its support to the Central Bank's initiative of Financial Inclusion by running activations inside its branches in Cairo and other governorates spreading the knowledge, offering competitive rates, waiving of administration fees to educate and encourage more people to visit the nearest branch, and check which product/service fits them the best to their needs.

Corporate Social Responsibility has always been an integral part of Bank Audi Egypt's strategy and we will continue to support the community in any way we can.

Marketing Department

The year 2018 has witnessed a leap in Bank Audi's marketing presence in the market on several fronts. Starting the year with a huge branding campaign promoting its different types of cards, the Bank has managed to place itself well amongst major competitors. Our 2018 marketing strategy addressed three main channels: 1- Establishing the brand through major campaigns executed throughout the year, 2- Launching our social media channels, Facebook and Instagram with Facebook ranking number 10 by end year after launching in May; 3- Activations through being present in major events in and outside Cairo to promote our products and services along with other major banking events organized by the United Arab Banks Organization throughout the country and other events to promote youth. On the other hand, the Bank has adopted a transparent strategy in communicating with its staff on a regular basis through its Internal Communication Department.

Market Research

The Market Research Department played a vital role for all bank departments including the non-business ones as it helped in: 1- Providing the Bank's various departments with valuable, accurate and up-to-date information, which helps in decision-making, and new business acquisition. 2- Running different types of structured surveys/studies to measure, assess and analyze the Bank's lines of business customers' satisfaction; and benchmark its products and services to the marketplace. 3- Running geo-marketing studies to assess the new locations where the Bank should expand its branches and ATMs network, which helps in deciding the best locations to have new branches and ATMs and reach the fastest return on investment. 4- Helping the various lines of business in building their new business models by running different types of structured surveys/studies to identify the market gap/need and segment the targeted clients. The Bank values the importance of market research on both directions: launching new product/service, and assessing existing products' performance. In the case of a new launch, we helped defining, classifying and understanding both market and targeted customers' needs, defining the available gaps in the market to use it as business opportunities and assessing the peer competitors' performance which helps in the new banking products/services development and the way it should be delivered and communicated to the market and targeted customers. In the case of running business, we usually conduct market surveys and scanning for selected peers/ features / edges / customer preferences in order to assess our products versus peers and always be ahead of others with a competitive advantage in order always to be able to satisfy and retain our customers, and the ability to attract new ones.

Service Excellence

Mirroring Bank Audi Egypt's core values and strategic business direction, the Service Excellence department paid special attention to aligning its own business plan to our bank-wide objectives. As Bank Audi Egypt further grows and focuses on our identity of being a customer-centric organization driven by customer needs and our plans to reach the customer delight, the Service Excellence team are continuing with full devotion to the improvement of customer service as the main driver for business acquisition, customer approach and retention and focusing on service level to be our competitive edge. The Service Excellence department played a pivotal role in ensuring the effective implementation of such levels of service on the ground through stating the benchmarks, and Key Quality Indicators in order to always self-assess the performance levels and work on the gaps to be improved, Synergy among all the Bank's departments is a key success factor that gathers all the Bank staff in one unit, while providing any kind of service for the customer in a homogenous environment. The essence of our service excellence approach is based on two pillars; 1. Continually having effective communication channels with our customers through conducting multiple surveys and satisfaction measurements in order to stand upon our position with our customers. In parallel, conducting surveys for the staff to check their satisfaction about the services provided from other departments in order to check the gaps "if any". 2. Gathering all these gaps and transforming them into improvement plans to work upon through many tools and approaches in which by the end would get an efficient, synchronized work environment capable of delivering the aspired level of service for our customers and staff equally; and most importantly, having a dynamic environment of continual self-assessment and improvement.

II. Control Functions

Legal

During 2018, the Legal Department worked on different levels to give all possible legal support to the Banks's business and towards boosting its growth plans:

Human Capital:

Building the Legal Department's sustainable human capital has been a key focus throughout the past years; starting from a small team consisting only of 3 lawyers and reaching a team of 15 experienced and young qualified lawyers who enjoy diverse experiences and great understanding of the business, and whose main focus is to provide efficient and timely services to our business lines and clients and to support the Bank's image and reputation. We have successfully built an institutional structure within the Legal team by creating second and third lines of management to ensure sustainable level of efficiency and support.

Litigation:

The Legal Department's professional management of lawsuits resulted in the Bank being awarded favorable judgments in a number of major lawsuits, where the relevant court(s) issued their verdicts obliging the defendant(s) to settle unpaid debt(s) to the Bank with accrued interest. More than 41 court verdicts were issued in favor of the Bank in civil and criminal cases. As well as this, we participated in negotiation and preparation of rescheduling of debt and amicable settlement arrangements for one corporate client with substantially large exposure of about EGP 350 million.

Legislative:

The Bank's Senior General Counsel had an interactive role in reviewing and commenting on the draft of the new CBE law.

Products & Services:

The Legal Department has always been a key participant in establishing and providing new products and services to the Bank's clients, working side by side with the business lines to create and develop necessary legal platform and documentation.

The primary role and activity was supporting all Bank Audi Egypt's business lines in Egypt to provide efficient legal advice and support striving to find legal solutions to cater for the clients' needs and facilitate transactions while safeguarding the Bank's best interests. We also provide support to Bank Audi SAL's Legal Department, and to other entities within the Audi Group, on matters related to Egyptian law issues.

The Legal Department also provided all necessary support to the Bank's business lines for successful execution of numerous loans, syndicated facilities, Islamic finance transaction, structured finance deals, acquisition finance, mortgage finance, real estate and commercial mortgages and various types of securities.

Audit

The Bank's Internal Audit Department consists of a team that believes they have crucial responsibility to reinforce the control environment within the Bank in order to create a solid professional culture whereby risk exposure is properly and timely mitigated within the Bank's risk tolerance. Consequently, the team went the extra mile, reflecting such belief and direction into the department KPIs in 2018, and imposed a positive participation and meaningful contribution, by seeking to add value to the organizations' objectives and strategies.

With this regard, the audit team updated on a regular basis the internal audit charter, policies and procedures, and their related audit work programs across different types of business and banking operations to assure their quality and consistency and timely reflect the rapid changes occurring inside the Bank and the market.

Throughout fiscal year 2018, the Internal Audit Department successfully accomplished comprehensive risk based audit plans across Bank Audi Egypt's Head Office departments, its operative branches, centralized operations along with IT, so that whereby high-risk areas were all tackled, controls tested. The Internal Audit team then properly applied the latest professional standards, risk based methodologies and best practices in order to achieve the Bank's internal audit KPIs.

It is worthy of mention that 2018 witnessed 46 branches audit assignments and several audit missions of the head office departments and the centralized operations in addition to an audit mission on IT modules and systems accomplished in collaboration with Bank Audi SAL's IT Group Audit.

In light of the regulatory requirement of CBE regarding the quality assurance of the Internal Audit Function with its activities across all operative banks in Egypt, we are delighted to announce that an independent quality assurance project was conducted in 2018 by McMillan Woods - Egypt over the Bank's Internal Audit Department and declard that The Bank's Internal Audit was totally compliant with the international standards.

Compliance

Reference to the increasing importance of the control role inside banks, the Compliance function of Bank Audi Egypt remained complementary in its role in supporting the Bank's different line of businesses in achieving the Banks' strategy and goals in a safe way. In this regard the Compliance Department performed enhancements on the internal applied policies and procedures to cope with the Group policy which is in turn aligned with the international standards, and in order to standardize and automate manual procedures to easily integrate regulatory requirements and required due diligence within the daily work. On the other hand, and worth mentioning, that the Compliance Department was continuously supporting the different business sectors such as operations, branches, retail, etc. in addition to their significant role in keeping robust and efficient regulatory compliance and corporate governance programs coordinated with the Board of Directors and the Group as well.

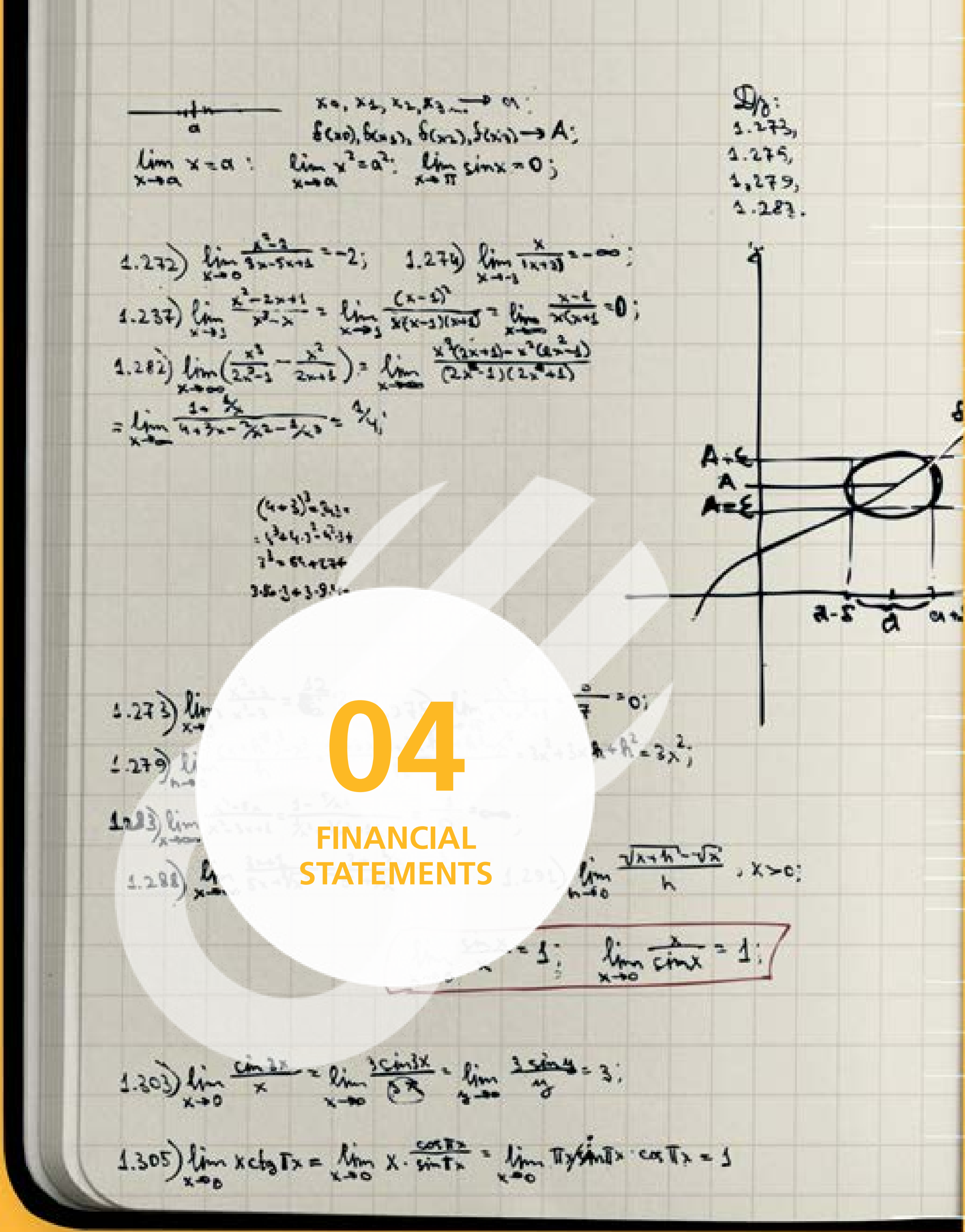
CISBC

The mission of CISBC Department remained to establish and maintain an appropriate Information Security Strategy to be aligned with Bank's Strategy and implement an Information Security Program in order to protect the information assets against threats, unauthorized use, disclosure, modification, damage and loss that can adversely impact their Confidentiality, Integrity and Availability. CISBC also participated in setting the new Bank Strategy for the incoming three years 2019:2022.
Due to the increase of Cyberattacks during the last few years, CISBC is adopting several measures to reduce the risk of cyberattacks and ensuring the protection of the Information assets from the unauthorized exploitation of systems, networks and technologies.
CISBC conducted Vulnerability Assessments of several IT systems and Penetration Testing over online banking services to ensure securing the Bank's E-Channels services and to ensure applying and patching IT systems with the latest patches.
In order to assure compliance with the new Swift Regulations, CISBC finalized the implementation of all mandatory controls with the Bank's IT Dept. that were required by Swift.
Furthermore, Bank Audi Egypt's Information Security Policies were

reviewed and updated by concerned parties and Group CISBC to ensure the alignment with regulations, international standards and best practice requirements and guidelines.

During our mission in 2018, CISBC stressed the importance of raising the information security awareness among Staff and Customers to avoid Phishing and social engineering attacks. The Department also continued to Develop, Maintain and Exercise the Bank's Business Continuity Plan to sustain critical business functions in the event of a crisis that can adversely impact the continuity of business operations causing disruptions. Business Impact Analysis (BIA) has been reviewed and updated for 2018 by the Bank's business owners to identify Critical Business Activities, Business Continuity Team, Business Process Dependencies, Manual or Alternate Procedures, Recovery Time Objectives (RTO), Recovery Point Objectives (RPO), List of Emergency Coordinators Evacuation Marshals, Identification of vital records, Work area Recovery, and Office Equipment and Services.

A full Disaster Recovery test was conducted during 2018 to evaluate the effectiveness of the Bank's Business Continuity readiness and ensuring the ability of continuity of business operations.



04

FINANCIAL STATEMENTS

Sharing challenges

Always helps accomplish positive progress and top results, knowing first that it is important to have human creativity and then understand profit and efficiency, in an individual and collective existence.

Mansour & Co. PricewaterhouseCoopers
Chartered Accountants and Consultants

BDO Khalid & Co.
Public Accountants & Consultants

Independent Auditor's Report

To: The Shareholders of Bank Audi "S.A.E."

Report on the financial statements
We have audited the accompanying financial statements of Bank Audi "S.A.E." (the "Bank"), which comprise the balance sheet as at 31 December 2018 and the statements of income, changes in equity, and cash flows for the financial year then ended, and a summary of significant accounting policies and other notes.

Management' responsibility for the financial statements

These financial statements are the responsibility of Bank's management. The management is responsible for the preparation and fair presentation of these financial statements in accordance with Central Bank of Egypt's rules pertaining to the preparation and the presentation of the financial statements in 16 December 2008 and in light of the prevailing Egyptian laws. The management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

To: The Shareholders of Bank Audi "S.A.E."

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bank Audi "S.A.E." as at 31 December 2018, and its financial performance and cash flows for the fiscal year then ended in accordance with the rules of the preparation and fair presentation of the financial statements of banks issued by the Central Bank of Egypt on 16 December 2008 and in light of the related Egyptian laws and regulations.

Report on other legal and regulatory requirements

Nothing has come to our attention- during the financial year ended 31 December 2018- indicating that the Bank materially violated any of the provisions of the Central Bank, Banking and Monetary Institution Law No.88 of 2003 or any of the provisions of the Articles of Association.

The Bank maintains proper financial records, which includes all that is required by the law and the Bank's statutes, and the accompanying financial statements are in agreement therewith.

The financial information included in the Board of Directors' report is prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Bank's accounting records, within the limits that such information recorded therein.

Auditors

Tamer Abdel Tawab
Member of Egyptian Society of
Accountants & Auditors
CPA
Accountants and Auditors
Register Number 17996
EFSA Registration 501
Mansour & Co. PricewaterhouseCoopers
Chartered Accountants and Consultants

Taha M. Khaled
Fellow of ICAEW
Fellow of ESAA
Member of the Egyptian Tax Society
R.A.A. 5136
EFSA Registration 28
BDO Khaled & Co.

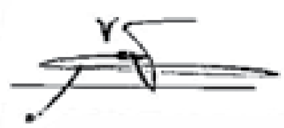
Cairo on 25 February 2019

Balance Sheet - At 31 December 2018

(All amounts in Egyptian Pounds)	Note	2018	2017
Assets:			
Cash and balances with the Central Bank of Egypt	14	2,855,340,245	3,895,797,893
Bank balances	15	12,129,899,041	5,785,194,762
Treasury bills and other government notes	16	12,289,402,651	6,305,364,876
Loans and advances to customers	17	31,181,937,267	29,396,287,584
Financial derivative instruments	18	938,982	1,616,750
Financial investments - available for sale	19/b	2,065,197,377	1,026,107,220
Financial investments- Held to maturity	19/a	5,540,905,815	7,114,565,102
Intangible assets	20	262,815,012	265,186,339
Other assets	21	1,384,079,214	1,313,135,279
Fixed assets	22	690,390,302	691,502,932
Total assets		**68,400,905,906**	**55,794,758,737**
Liabilities and shareholders’ equity			
Liabilities:			
Due to banks	23	36,564,755	344,741,675
Customers’ deposits	24	59,149,020,054	47,373,386,929
Financial derivative instruments	18	691,854	4,582,993
Other loans	25	1,224,096,000	1,240,939,000
Other liabilities	26	645,741,772	673,882,798
Other provisions	27	175,958,869	96,676,103
Current income tax liabilities		175,045,558	241,552,379
Deferred tax liabilities	28	263,613,213	255,880,571
Total liabilities		**61,670,732,075**	**50,231,642,448**
Shareholders› Equity:			
Issued and paid-up capital	29	2,152,447,065	2,152,447,065
Reserves	30	661,376,555	635,598,137
Retained earnings	30	3,916,350,211	2,775,071,087
Total equity		**6,730,173,831**	**5,563,116,289**
Total liabilities and shareholders’ equity		**68,400,905,906**	**55,794,758,737**

- The accompanying notes on pages 8 to 68 form an integral part of these financial statements.
- Auditor›s report attached

Mohammad Abbas Fayed
CEO and Managing Director



Hatem Sadek
Chairman of the Board of Directors

Cairo on 25 February 2019

Statement of income - at 31 December 2018

(All amounts in Egyptian Pounds)	Note	2018	2017
Loan interest and similar income	6	7,651,822,437	6,841,936,806
Cost of similar deposits and costs	6	(5,269,245,867)	(4,938,537,532)
Net interest income		**2,382,576,570**	**1,903,399,274**
Fees and commission income	7	566,553,042	512,338,303
Fees and commission expenses	7	(22,993,575)	(29,984,906)
Net income from fees and commissions		**543,559,467**	**482,353,397**
Dividends		1,142,861	766,886
Net trading income	8	1,285,382	1,258,834
Profits from financial investments	20	6,321,279	3,573,029
Impairment charges on credit losses	11, 17	(278,618,379)	(178,301,171)
Administration expenses	9	(900,777,068)	(818,402,449)
Other operating (expenses) income	10	(54,468,837)	(68,599,338)
Profit before income tax		**1,701,021,275**	**1,326,048,462**
Income tax expenses	12	(433,634,822)	(305,170,776)
Net profit for the year		**1,267,386,453**	**1,020,877,686**
Net profit for the year per share	13	**33,89**	**29,34**

The accompanying notes on pages 8 to 68 form an integral part of these financial statements.

Statement of changes in equity- for the financial year ended 31 December 2018

(All amounts in Egyptian Pounds)	Note	Issued and paid-up capital	Reserves	Retained earnings	Total
Balance at 1 January 2017		**2,152,447,065**	**241,620,765**	**2,254,485,126**	**4,648,552,956**
Dividends of 2016 (employees' share)				(174,815,490)	**(174,815,490)**
Transfer to general banking risk reserve	(31-b)	–	(104,771,501)	104,771,501	–
Transferred to legal reserve	(31-c)	–	94,162,797	(94,162,797)	–
Transferred to capital reserve	(31-d)	–	62,169	(62,169)	–
Transfer to IFRS9 reserve	(31-h)	–	336,022,770	(336,022,770)	–
Net profit of the financial year ended 31 December 2017		–	–	1,020,877,686	**1,020,877,686**
Net change in available-for-sale financial investments – net of tax	(31-e)	–	(2,927,700)	–	**(2,927,700)**
Amortisation of reserve balance of available for sale treasury bonds that were reclassified to held to maturity		–	71,428,837	–	**71,428,837**
Balance at 31 December 2017		**2,152,447,065**	**635,598,137**	**2,775,071,087**	**5,563,116,289**

(All amounts in Egyptian Pounds)	Note	Issued and paid-up capital	Reserves	Retained earnings	Total
Balance at 1 January 2018		**2,152,447,065**	**635,598,137**	**2,775,071,087**	**5,563,116,289**
Dividends of 2018 (employees' share)			–	(107,458,629)	**(107,458,629)**
Transfer to general banking risk reserve	(30-b)	–	(32,414,184)	32,414,184	–
Transferred to legal reserve	(30-c)	–	51,042,884	(51,042,884)	–
Transferred to capital reserve	(30-d)	–	20,000	(20,000)	–
Net profit of the financial year ended 31 December 2018		–	–	1,267,386,453	**1,267,386,453**
Net change in available for sale investments after taxes	(30-e)	–	(42,419,462)	–	**(42,419,462)**
Amortisation of reserve balance of available for sale treasury bonds that were reclassified to held to maturity	(30-f)	–	49,549,180	–	**49,549,180**
Balance at 31 December 2018		**2,152,447,065**	**661,376,555**	**3,916,350,2117**	**6,730,173,831**

The accompanying notes on pages 8 to 68 form an integral part of these financial statements.

Statement of cash flows - for the financial year ended 31 December 2018

(All amounts are shown in Egyptian Pounds)	Note	2018	2017
Cash flows from operating activities			
Net profit for the year before tax		1,701,021,275	1,326,048,462
Adjustments to reconcile net income to cash flows for operating activities			
Depreciation and amortisation		106,080,732	83,747,399
Impairment charges on credit losses	11	278,618,379	178,301,171
Cost of other provisions	10	78,799,894	2,053,145
Reversal of investments' impairment		–	–
Provisions utilised excluding loans' provision		354,098	(4,965,457)
Differences of revaluation of balances of other provisions in foreign currencies		128,774	(304,060)
Amortisation of share premium and available-for-sale financial investments revaluation differences		(10,873,253)	15,017,876
Dividends of investments other than financial assets held for trading		(1,142,861)	(766,886)
Gains on sale of fixed assets		(93,000)	(20,000)
Differences of revaluation of other loans' balances		12,703,167	(32,328,000)
Differences of revaluation of loan balances and facilities to banks		–	–
Gains on sale of other financial investments		(6,321,279)	(3,573,028)
Amortisation of fair value reserve for investments reclassified from available-for-sale to held-to-maturity financial investments		(5,635,534)	(3,715,038)
Operating profit before changes in assets and liabilities for operating activities		**2,153,640,392**	**1,559,495,584**
Net decrease in assets			
Balances at the Central Bank within the reserve ratio		829,809,476	(1,778,812,151)
Bank Balances		(978,242,701)	3,005,256,782
Treasury bills and other government notes (Net).		(5,983,287,301)	(4,317,183,111)
Financial derivatives (Net)		(3,213,371)	641,181
Loans and advances to banks		–	146,132,000
Loans and advances to customers		(2,064,268,062)	411,067,666
Other assets		(70,943,936)	13,260,652
Due to banks		(308,176,920)	336,731,773
Customers› deposits		11,775,633,125	1,835,175,162
Other liabilities		(28,141,026)	248,814,787
Taxes paid		(492,409,002)	(266,487,558)
Net cash generated from operating activities		**4,830,400,674**	**1,194,092,767**
Cash flows from investing activities			
Proceeds from sale of fixed assets		93,000	75,000
Payments for purchase of fixed assets and preparation and supplies of branches		(65,045,477)	(125,703,221)
Payments for purchase of intangible assets		(37,551,298)	(230,862,873)
Payments of financial investments excluding financial assets held for trading		(1,343,659,389)	(1,131,243,981)
Proceeds from sale of financial investments excluding financial assets held for trading		279,344,304	876,534,041
Proceeds on held-to-maturity investments		1,628,844,000	-
Dividends on investments other than financial assets held for trading		1,142,861	766,886

Proceeds on treasury bills sold with re-purchase commitment		15,025,000	
Net cash flows used in investing activities		**478,193,001**	**(610,434,148)**
Cash flows generated from financing activities			
Paid from other loans		(29,546,167)	(2,739,975,000)
Proceeds from capital increase			
Dividends paid		(107,458,629)	(174,815,490)
Proceeds from loans		-	177,277,000
Net cash flows used in financing activities		**(137,004,796)**	**(2,737,513,490)**
Net change in cash and cash equivalents during the year		5,171,588,879	(2,153,854,871)
Cash and cash equivalents' balance at the beginning of the year		4,906,163,877	7,060,018,748
Cash and cash equivalents' balance at the end of the year		**10,077,752,756**	**4,906,163,877**
Cash and cash equivalents comprise			
Cash and balance with the Central Bank of Egypt		2,855,340,245	3,895,797,893
Bank balances		12,129,899,042	5,785,194,763
Treasury bills and other government notes		12,289,402,651	6,305,364,876
Balances at the Central Bank within the mandatory reserve ratio		(2,298,357,635)	(3,128,167,111)
Balances at banks with maturities of more than three months from the date of acquisition		(2,625,199,214)	(1,646,956,513)
Treasury bills (net) with maturities of more than three months from the date of acquisition		(12,273,332,333)	(6,305,070,031)
Cash and cash equivalents	31	**10,077,752,756**	**4,906,163,877**

The accompanying notes on pages 8 to 68 form an integral part of these financial statements.

Statement of proposed dividends - for the financial year ended 31 December 2018

(All amounts in Egyptian Pounds)	2018	2017
Net profit for the year	1,267,386,453	1,020,877,686
Less:		
Gain on sale of fixed assets transferred to capital reserve	-	-
in accordance with the provisions of the law	(93,000)	(20,000)
General banking risk reserve	32,414,184	104,771,497
IFRS9 risk reserve	-	(336,022,770)
Net distributable profit for the year	**1,299,707,637**	789,606,413
Add:	-	
Retained earnings at the beginning of the year	2,616,549,574	1,985,444,671
Total	**3,916,257,211**	**2,775,051,084**
Distributed as follows:	-	-
Legal reserve	63,364,673	51,042,884
Shareholders dividends	880,495,000	–
Retained earnings	2,848,763,242	2,616,549,576
Employees' share	123,634,296	107,458,624
	3,916,257,211	**2,775,051,084**

The accompanying notes on pages 8 to 68 form an integral part of these financial statements.

1. General Information

Bank Audi «S.A.E.» provides corporate and retail banking services and investment in the Arab Republic of Egypt and abroad through 46 branches and employs 1457 employees at the balance sheet date.

The Bank was established as an Egyptian Shareholding Company under Law No. 43 of 1974 and its executive regulations in the Arab Republic of Egypt; the Head office of the Bank is located in Giza governorate.

These financial statements have been approved for issuance by the Board of Directors on 19 February 2018.

2. Summary of accounting policies

The principal accounting policies used in the preparation of these financial statements are set out below. These policies are adopted consistently for the periods presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements are prepared in accordance with the rules of preparation and presentation of the Banks' financial statements and basis of recognition and measurement approved by the Board of Directors of the Central Bank of Egypt on 16 December 2008 and on the historical cost basis modified by the revaluation of financial assets and liabilities held for trading, financial assets and liabilities classified at fair value through profit and loss at initial recognition, available for sale investments and all derivative contacts.

2.2 Segment reporting

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

2.3 Foreign currency translation

2.3.1 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates ('the functional currency'). The financial statements are presented in Egyptian pounds, which is the Bank's functional and presentation currency.

2.3.2 Transaction and balances in foreign currency

The Bank keeps its accounting records in Egyptian pounds. Foreign currency transactions during the financial year are recognised using the exchange rates prevailing at the date of the transaction. Balances of monetary assets and liabilities in foreign currencies are reassessed at the end of the financial year based on the exchange rates then prevailing. Foreign exchange gains and losses resulting from settlement of such transactions and valuation differences are recognised in the statement of income under the following items:

Foreign currency translation (continued)

- Net trading income or net income from financial instruments initially recognised at fair value through profit and loss for held-for-trading assets and liabilities of instruments initially recognise at fair value through profit and loss according to its type.
- Other operating income (expenses) for the remaining items.
- Equity of financial derivatives as qualifying hedge for cash flows, or as qualifying hedge for net investment.

Changes in the fair value of monetary financial instruments in foreign currency classified as available for sale investments (debt instruments) are analysed within revaluation differences from changes in amortised costs of the instrument, differences from changes in the prevailing exchange rates, and differences from changes in the fair value of the instrument. Revaluation differences related to changes in the amortised cost are recognised into interest income from loans and similar revenues, and those related to the changes in the exchange rates in other operating income (expenses) in the statement of income. Differences from changes in the fair value (fair value reserve/ available for sale investments) are recognised within equity.

Translation differences resulting from non-monetary items comprise profit and loss resulting from the change of fair value such as equity instruments held at fair value through profit or loss. Translation differences resulting from the equity instruments recognised as available for sale financial investments are carried within fair value reserve in equity.

2.4 Financial assets

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

2.4.1 Financial assets at fair value through profit and loss

This group includes financial assets held for trading and financial assets recognised at fair value through profit and loss as they arise.

- A financial instrument is classified as held for trading if it is acquired principally for the purpose of selling in the short term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are classified as trading unless it is recognised as a hedge instrument.
- Financial assets are recognised initially at fair value through profit and loss when:

• Doing so reduces measurement inconsistencies that would arise if the related derivative was treated as held for trading and the underlying financial instruments were carried at amortised cost for such loans and advances to banks and customers, and issued debt instruments.
• Certain investments, such as equity investments that are managed and evaluated at fair value in accordance with a risk management or investment strategy, and reported to key management on that basis are recognised at fair value through profit and loss.
• Financial instruments, such as held debt instruments which contain one or more embedded de rivatives which significantly affect the cash flows are recognised at fair value through profit or loss.

Financial assets (continued)

- Gains and losses arising from changes in the fair value of derivatives that are managed in conjunction with designated financial assets and liabilities are initially recorded at fair value through profit and loss in the statement of income under «net income on financial instruments designated initially at fair value through profits and loss».
- Derivatives may not be reclassified out of group of the fair value through profit or loss, at the period they are retained or valid. Further, financial instruments may not be reclassified by transfer from the group of the fair value through profit and loss if it was initially designated by the Bank as an instrument measured at fair value through profit and loss.
- In all cases, the Bank does not re-classify any financial instrument, by transfer to a group of financial instruments at fair value through profit or loss or any group of financial assets held for trading.

2.4.2 Loans and receivables

Loans and receivables are non-derivative financial assets with a fixed or determinable amount that are not quoted in an active market, except:
- Assets that the Bank intends to sell immediately or in the short term are classified as held for trading, and those that the Bank upon initial recognition designates as at fair value through profit or loss.
- Assets that the Bank classified upon initial recognition as available-for-sale.
- Assets from which the Bank may not recover substantially its initial investment amount, for reasons other than credit deterioration.

2.4.3 Financial investments held-to-maturity

Held-to-maturity financial investments are non-derivative financial assets with fixed or determinable amounts and fixed maturities that the Bank has positive intention and ability to hold till maturity. If the Bank were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be re-classified as available for sale, except in emergency cases.

2.4.4 Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.
The following applies to financial assets:
- Purchases and sales of financial assets, which are recognised at fair value through profit and loss, held to maturity and available for sale investments, are recognised on trade-date; the date on which the Bank commits to purchase or sell the asset.
- Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the statement of income in net trading income.
- Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished – either, when the obligation is discharged, cancelled or expired.
- Available-for-sale, held–for-trading and financial assets designated as at fair value through profit or loss are subsequently measured at fair value. Loans and receivables and held-to-maturity investments are subsequently measured at amortized cost.

Financial assets (continued)
- Gains and losses arising from changes in the fair value of financial assets carried at fair value through profit and loss are included in the statement of income in the year in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial investments are recognised directly in equity until the financial asset is derecognised or impaired. At this time, the cumulative gains and losses previously recognised in equity are recognised in the statement of income
- Interest calculated using the amortised cost and foreign currency gains and losses on monetary assets classified as available for sale are recognised in the statement of income. Dividends from available for sale equity instruments are recognised in the statement of income when the Bank's right to receive the payment is established.
- The fair values of quoted investments in active markets are based on current bid price. If there is no active market or a current bid price for a financial asset, the Bank establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques, and if the Bank could not assess the fair value of the equity instruments classified as available for sale, these instruments are measured at cost less impairment.
- Profits or losses related to reclassified financial assets with fixed maturity are amortised using the effective interest method over the remaining life of the held to maturity investment. Any difference between the value on the basis of amortised cost and the value on the basis of maturity date is amortised over the remaining life of the financial asset using the effective interest rate method. In case of financial asset's impairment, any profits or losses previously recognised in equity are recognised in profit and loss.

2.5 Treasury Bills

Treasury bills are recognized at the time of purchase at nominal value and the issuance discount, representing the unearned interest on such balances is shown in other credit balances and liabilities. Treasury bills are shown in the balance sheet, excluding the unearned income, and are measured at amortized cost using the effective interest rate. The terms of the purchase agreements for treasury bills with a commitment to resell and agreements for the sale of bills with a net purchase obligation are shown in the balance sheet under treasury bills and other government instruments.

2.6 Offsetting financial instruments

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

2.7 Derivative financial instruments

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

Derivative financial instruments (continued)

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

Embedded derivatives are not separated if the Bank chooses to classify the entire complex contract at fair value through profit and loss.

2.8 Fair value hedge

Changes in fair value of financial derivatives that are designated and qualify as hedging of fair value are recognised in the statement of income, together with any changes in the fair value of the hedged asset or liability. Effective changes in the fair value of interest rate swaps and related hedged items are reflected in 'net interest income' and effective changes in fair value of currency future contracts are reflected in 'net trading income'. Any ineffective changes in contracts are related hedged items mentioned in the previous paragraph are recorded in 'net trading income'. If the hedge no longer meets the criteria for hedge accounting, the adjustment to book value of a hedged item that is accounted for using the amortised cost method should be amortised by charging it to profit or loss over the period to maturity. Adjustments made to the book value of the hedged equity instrument are included within equity until they are disposed of.

2.9 Cash flow hedge

The effective portion of changes in the fair value of designated derivatives qualified for cash flow hedges are recognised in equity. The ineffective portion of the gain or loss on the hedging instrument is recognized immediately in the 'net trading income'. Amounts accumulated in equity are carried to the statement of income in the same periods in which the hedged item has an impact on profit or loss, and gains or losses relating to the effective portion of the currency swaps and options are taken to the «net trading income». When a hedging instrument matures or is sold, or if hedging no longer meets the conditions for hedge accounting, gains or losses accumulated in equity at that time is retained in equity and recognised in the statement of income when the forecasted transaction is finally recognised. When a forecast transaction is no longer expected to occur, gains or losses accumulated in equity are immediately transferred to the statement of income.

2.10 Net investment hedge

Hedges of net investments are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in equity while any gains or losses relating to the ineffective portion are immediately recognised in the statement of income. On disposal of the foreign operation, the cumulative value of any such gains or losses recognized in the equity is transferred to the statement of income.

2.11 Derivatives that do not qualify for hedge accounting

Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognised in the statement of income under "net trading income". However, gains and losses arising from changes in the fair value of derivatives that are managed in conjunction with financial assets and liabilities classified when they arise at fair value through profit or loss are included in 'Net income from financial instruments classified when they arise at fair value through profit or loss'.

2.12 Interest income and expenses

Interest income and expenses are recognised in the statement of income under "loan interest and similar income" or "deposits cost and similar costs" using the effective interest rate method for all interest-bearing financial instruments except for the held-for-trading instruments or instruments that were classified at fair value through profit and loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant Period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter Period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, in addition to any transaction costs and all other premiums or discounts. When loans or debts are classified as non-performing loans, proceeds are credited to marginally classified loans, ie, they are added to a marginal account outside the financial statements (which do not affect the Bank›s income) and are recognized under income according to the cash basis as follows:

- When collected and after the recovery of all arrears for consumer and real estate loans for personal housing and small loans for economic activities.
- For loans granted to organisations, interest income is recognised on a cash basis after the Bank collects 25% of the scheduling instalments and after regular payment of instalments for at least one year. If the customer continues to pay regularly, the interest calculated on the outstanding loan balance (interest on regular scheduling balance) is recognised without the marginalised interest before scheduling which is not recognised within revenues until full payment of the loan balance in the balance sheet before scheduling.

Fees that are due for a loan service or facilities are recognised as income when the service is rendered. Fees and commissions income related to non-performing loans or debts are suspended and are carried off balance sheet and are recognised under income according to the cash basis when interest income is recognised in accordance with note (2-12) above.

Fees that represent a complementing part of the financial asset effective rate are recognised as adjustment to the effective interest rate.

The loan commitment fee is deferred when the loan is granted. The extent of the customer›s use of the loan is reviewed at agreed intervals with the customer. In the case of the end of the period without the customer›s use of the loan or part thereof, the fees are recognized as income.

Interest income and expenses (continued)

Fees related to debt instruments measured at fair value are recognised as income at initial recognition. Fees related to marketing of a syndicated loan are recognised as income when the marketing process is completed and the loan is fully used or if the Bank kept its share of the syndicated loan using the effective interest rate as used by the other participants.

Commissions and fees arising from negotiation or participating in a negotiation of a transaction in favour of a third party - such as shares or other financial instruments purchase arrangements or acquisition or sale of entities - are recognised in the statement of income when the related transaction is completed. Fees related to management advisory and other services are recognised on a time proportion basis over the period in which the service is provided. Financial planning and custody services fees provided on long periods are recognised over the year in which the service is provided.

2.14 Impairment of financial assets

2.14.1 Financial assets at amor tised cost

At each balance sheet date, the Bank assesses whether there is objective evidence that any financial asset or group of financial assets have been impaired. A financial asset or a group of financial assets are considered impaired and the impairment losses are recognised when there is an objective evidence of the impairment as a result of one or more events that occurred after the initial recognition of the asset (loss event), and that loss event affects the future cash flows of the financial asset or the group of financial assets which can be reliably estimated.

The Bank considers the following indicators to determine the existence of objective evidence for impairment losses:

- Significant financial difficulty of the issuer or obligor.
- Breach of the loan agreement such as default.
- Expected bankruptcy of the borrower, entering a liquidation lawsuit, or restructuring the finance granted to the borrower.
- Deterioration of the competitive position of the borrower.
- Granting privileges or assignments by the Bank to the borrower due to economic or legal reasons, which are not granted by the Bank in the normal course of business.
- Impairment of the guarantee.
- Deterioration of creditworthiness.

An objective proof for impairment loss of a group of financial assets is the existence of clear information indicating a measurable decline in the future cash flows expected from such category since initial recognition, although such decline is not identifiable for each individual as set, e.g. the increase in default cases regarding one of the banking products.

The Bank estimates the period between losses occurring and its identification for each specific portfolio. In general, the period varies between one month to twelve months.

Impairment of financial assets (continued)

Corporate Sector Impairment

- The Bank first assesses whether objective evidence of impairment exists individually for each financial asset, and the Bank then performs an individual assessment to assess the impairment. If the Bank determines that an objective evidence of financial asset impairment exists, identified provision is calculated based on expected future cash flows discounted using the contractual in terest rate.
- If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, impairment is then measured according to probability of default and oss given default, and an unidentified impairment is calculated for such group of assets.

Retail Impairment

- Identified Impairment provision is calculated for all overdue assets (default of one day or more) and this is according to outstanding balance and default rates of each group balances according to the probability of default and loss given default.
- Unidentified impairment provision is calculated for all assets with no over dues and this is according to aggregate outstanding balance and probability of default for that category and the loss given default

Impairment losses are measured by the difference between the asset's book value and the present value of expected future cash flows, discounte at the financial assets' contractual return rate. The book value of the financial asset is reduced by the impairment amount using the 'impair ment loss provision', and the impairment is recognised in the statement of income.

If the loan or the investment classified as held-to-maturity carry a variable rate, the discount rate used to measure any impairment losses will be the contractual return rate when there is objective evidence that the asset is impaired. For practical purposes, the Bank may measure the impairment loss using the fair value of the instrument through its quoted market rate. For guaranteed financial assets, the present value for expected future cash flows has to be considered in addition to the proceeds from enforcement on and sale of guarantee after deducting the related expenses.

For the purpose of an estimation of impairment on the aggregated level, financial assets are grouped on the basis of similar credit risk characteristics according to the Bank's classification process taking into consideration the type of asset, industry, geographical location, arrears position, and other relevant factors. Those characteristics are relevant to the estimation of future cash flows for those groups of assets as they are indicators of the debtors' ability to pay all the amounts dues according to its contract terms for assets under study.

Upon estimation of impairment of a group of financial assets on the basis of historical default rates, the future contractual cash flows of the group are estimated based on the contractual cash flows of the assets in the Bank and the amount of historical losses of the assets with credit risk characteristics similar to the assets that the Bank owns. The amount of historical losses is adjusted based on the current declared information where it reflects the effect of the current conditions which were not available during the period the historical losses were determined, and to eliminate the effects of the conditions that existed in the historical periods which no longer exist.

Impairment of financial assets (continued)

The Bank has to ensure that the estimates of changes in future cash flows for a group of assets are consistent with changes in relative data from one period to another, such as changes in unemployment rates, real estate prices, settlement status, or other factors that may indicate changes in the probabilities of loss in the group and its amount. The Bank periodically reviews the method and assumptions used to estimate future flows.

2.14.2 Available for sale investments/ investments held to maturity

The Bank assesses, at each balance sheet date, whether there is objective evidence that a financial asset or a group of financial assets classified under available for sale or financial investment held to maturity is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired.

The decline in value is considered significant if it reaches 10% of the book value cost. A decline is considered prolonged if it lasts for a period that exceeds 9 months, and if the mentioned evidences are available the accumulated loss is carried forward from equity and is recognised in the statement of income. Impairment losses recognised in the statement of income with regard to equity instruments are not reversed if an increase subsequently occurred in the fair value; however, if the fair value of available for sale debt instruments increased, and this increase can be objectively related to an event occurring after the recognition of impairment loss in the statement of income, the impairment is reversed through the statement of income.

2.15 Tangible and intangible assets

2.15.1 Fixed assets

The Bank's fixed assets of lands and buildings basically comprise the head office premises and branches and offices. All fixed assets are carried at historical cost net of accumulated depreciation and impairment losses. The historical cost includes the charges directly related to acquisition of fixed assets items.

Subsequent costs are recognised in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Bank and the cost can be measured reliably. Maintenance and repair expenses are charged to other operating expenses during the period in which they are incurred.

Lands are not depreciated. Depreciation of fixed assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings and facilities	40 - 50 years
Leasehold improvements	10 years or over the lease period if less
Office furniture and safes	4 - 20 years
Vehicles	5 – 7 year
Computers/ integrated systems	4 – 5 year
Typewriters, calculators, and air conditioners	4 – 5 years
Fittings and fixtures	From 5 to 10 years

Tangible and intangible assets (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Depreciable Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered. An asset's carrying amount is written down immediately to its recoverable value if the asset's carrying amount exceeds its estimated recoverable amount.

The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Gains and losses on disposals of fixed assets are determined by comparing the net proceeds with the carrying amount and gains (losses) are charged to "other operating revenues (expenses)" in the statement of income.

2.15.2 Computer hardware/ software

Expenditure on upgrade and maintenance of computer programs is recognized as an expense in the statement of income in the period in which it is incurred. Expenditures directly incurred in connection with specific software are recognized as intangible assets if they are controlled by the Bank and when it is probable that they will generate future economic benefits that exceed its cost within more than one year. Direct costs include the cost of the staff involved in upgrading the software in addition to a reasonable portion of relative overheads.

The expenses which lead to the increase or expansion in the performance of computer software beyond their original specifications are recognised as a development cost and are added to the original software cost.

Depreciation is calculated using the straight-line method to allocate the cost to reach the residual value over the useful life of the software from 5 to 10 years.

2.16 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization-except for goodwill- and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset›s carrying amount exceeds its recoverable amount. The recoverable value represents the higher of the net realisable value of the asset or the value in use. For the purpose of estimating the impairment, the asset is grouped with the smallest cash generating unit. At each financial statement date, non-financial assets with impairment have to be reviewed to determine if there is impairment reversal made to the statement of income.

2.17 Leases

The leases entered into by the Bank are primarily operating leases. Operating lease payments less any discounts granted from the lessor are recognised within other operating expenses in the statement of income using the straight line method over the contract term. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which terminationtakesplace.

2.18 Cash and cash equivalents

For the purposes of the cash flow statement prepared using the indirect method, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and non-restricted balances with central banks, due from other banks and treasury bills and other government notes.

2.19 Other provisions

Provision of restructuring costs and legal claims is recognised when there is a present legal or constructive obligation as a result of past events, and it is probable that the Bank's resources will be required to settle the obligation; and the amount of the obligation can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determined, taking into consideration the group of obligations as a whole. The provision is recognised even if the likelihood of an outflow with respect to an item in the group is minimal.

Provisions no longer required fully or partially are reversed in other operating income (expenses).
The current value of payments to settle the obligations that must be settled after one year from the balance sheet date using an appropriate rate in accordance with the terms of settlement, without be-

ing affected by the prevailing tax rate, which reflects the time value of money. If the settlement term is less than one year, the estimated value of the obligation is calculated unless it has a material impact; otherwise, it is calculated at the current value.

2.20 Financial guarantee contracts

The financial guarantees contracts are the contracts that the Bank issues as a guarantee for loans or overdrafts provided to its customers from other entities, which require the Bank to make certain payments to compensate the beneficiary for a loss incurred due to default of the debtor on the maturity date and in accordance with debt instrument conditions. These financial guarantees are presented to banks and other financial institutions instead of the banks' customers.

It is initially recognised in the financial statements at fair value at the date of the granting the guarantee which could reflect the guarantee fees. Subsequently, the Bank's obligation shall be measured under the guarantee by the value initially recognised, less guarantee fees amortisation, which is recognised in the statement of income on a straight-line basis over the higher of the guarantee life term or over the best payment estimates required to settle any financial obligation resulting from the financial guarantee at the balance sheet date. These estimates are mainly based on the experience with similar transactions and historical losses, consolidated by the management's judgement.

Any increase in the obligations resulting from the financial guarantee is recognised in the statement of income under the other operating income (expenses) item.

2.21Employee's Benefits

employees saving program
The Bank manages its saving program for employees and the Human Resources Department manages this program by identifying participation rates for both the employee and the Bank and determine the percentage of the annual return on investment, and this is an optional program according to the employee's request.

In case of the clearance of the program, the Bank is committed to settle the total savings program balances additional to the accrued interest for each employee who registered on the program at the clearance decision date. All calculated portions and interest are included in liabilities which represents the maximum claims to the Bank at this date.

2.22 Taxation

Income tax on the net income of the year includes current tax (calculated based on the laws and regulations and the instructions related to the subject matter using the applicable tax rate as of the Balance Sheet date and deferred tax). Income tax liability is recognized directly except for income tax relating to items of equity which are recognized directly in equity.

Current tax

- Current tax due on the Bank is calculated according to laws and regulations applicable in Egypt.
- Provision is built for taxes liabilities of previous years after conducting the required tax studies in light of the tax claims.

Deferred tax

- Deferred tax is the tax arising from temporary differences resulting from difference in financial year in which some assets and liabilities are recognized based on the various tax rules applied and the accounting rules used for the preparation of the financial statements. Deferred tax is identified based on the expected measurement to settle or achieve the current values for the assets and liabilities referred to above using the tax rates applicable as of the balance sheet date.
- Deferred tax assets are generally recognized as assets for the Bank when it is probable that this asset can be used to reduce the taxes due from the Bank in future years. Deferred tax asset recognised as an asset to the Bank is reduced with the value that will not generate future tax benefits to the Bank in the following years based on the fact that in case that the future expected future tax benefit is increased the deferred tax asset shall is increase within the limit of the previous reduction.

2.23 Borrowings

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

2.24 Capital cost

Issuance cost directly related to issuing new shares or issuing shares in return for acquisition of an entity or issuing options is charged to shareholders equity of total proceeds net of tax.

2.25 Dividend distribution

Dividends are recognised in shareholders' equity in the period in which the General Assembly of shareholders declares the dividends. Those dividends include employees' share in the profits and the Board of Directors' remuneration as prescribed by the Articles of Association and Law.

2.26 Dividend income

Dividends are recognised in the statement of income when the Bank's right to receive those dividends is established.

2.27 Purchase and resale agreements and sale and repurchase agreements

Financial instruments purchased under resale agreements are presented as assets and added to the treasury bills balance and other governmental notes' item in the balance sheet. On the other hand, liabilities (purchase and resale agreements) are presented as a deduction from the 'Treasury bills and other governmental notes' line item in the balance sheet. Differences between the sale and repurchase price are recognised as due interest throughout the period of the agreements using the effective interest rate method.

3. Financial risk management

The Bank, as a result of the activities it exercises, is exposed to various financial risks. Since the basis of financial activity is to accept risks, some risks or group of risks are analysed, evaluated and managed altogether. The Bank intends to strike a balance between the risk and return and to reduce the probable adverse effects on the Bank's financial performance. The most important types of risks are credit risk, market risk, liquidity risk and other operating risks. Market risk comprises foreign currency exchange rates, interest rate risk and other pricing risks.

The risk management policies have been laid down to determine and analyse the risks, set limits to the risks and control them through reliable methods and up-to-date IT systems. The Bank regularly reviews the risk management policies and systems and amends them to reflect the changes in the markets, products and services, and the best updated applications.

Risks are managed by the Risk Management Department in light of policies approved by the Board of Directors. The Risk Management determines, evaluates and covers the financial risks, in collaboration with the Bank's various operating units, and the Board provides written principles to manage risks as a whole, in addition to written policies covering specific risk areas like credit risk, foreign exchange rate risk, interest rate risk and using derivative and non-derivative financial instruments. Moreover, the Risk Management is independently responsible for periodic review of risk management and control environment.

3.1 Credit risk

The Bank is exposed to the credit risk, which is the risk resulting from failure of one party to meet its contractual obligations towards the Bank. The credit risk is considered to be the most significant risk for the Bank and hence, the management sets specific procedures to manage that risk. The credit risk is represented in the lending activities from which loans, facilities, and investment activities arise, which necessitates that the Bank assets must contain debt instruments. The credit risk is also found in off-balance sheet financial instruments such as loan commitment. The managing and monitoring process of credit risk is centralised at the credit risk management team at the risk department, which prepares reports for the Board of Directors, top management, and heads of units on a regular basis.
Financial risk management (continued)

3.1.1 Credit risk measurement

Loans and advances to banks and customers
To measure credit risk relating to loans and advances to banks and customers, the Bank considers three components as follows:

- Probability of default - by the client or counterparty on its contractual obligations.
- Current position and its likely future development, from which the Bank derives the 'Exposure at default balance' .

- The loss given default.

The day-to-day management of the banks activity involves those credit risk measures that reflect the expected loss (the expected loss model) required by the Basel Committee for Banking Supervision. Operational measures may be in conflict with the impairment charge in accordance with EAS 26 which depends on the realised losses in the balance sheet date (model of realized losses) rather than expected losses.

The Bank assesses the probability of default of individual customers using internal rating tools tailored to the various clients' categories. These methods have been updated taking into consideration the statistical analysis credit officer judgement to reach the appropriate grading. Clients of the Bank are segmented into four rating classes. The rating scale which is shown below reflects the range of default probabilities defined for each credit rating category, which means that credit positions may be transferred from one rating to another depending on the probability of default changes. Evaluation methods are reviewed and updated when necessary. The Bank regularly evaluates the performance of creditworthiness classification methods and their ability to foresee cases of default.

Internal classification categories of the Bank

Rating	Rating description
1	Performing loans
2	Regular monitoring
3	Special monitoring
4	Non-performing loans

Exposure at default is based on the amounts the Bank expects to be outstanding at the time of default. For example, as for the loans, this position is the nominal value. As for commitments, the Bank includes all actual withdrawals in addition to any withdrawals expected to occur until the date of the late payment, if any.

Expected losses or severe losses represent the Bank›s loss expectations when the settlement is due. This is represented by the loss percentage to the loan that differs according to the type of debtor, the priority of the claim, and the availability of guarantees and any other credit cover.

Debt instruments, treasury bills and other bills

For debt securities and treasury bills external rating such as (Standard & Poor's) rating or their equivalents are used for managing the credit risk exposures. In case such ratings are unavailable, internal rating methods are used that are similar to those used for credit customers. Investments in securities and bills are considered a method to obtain a better credit quality. Such investments also provide an available source to meet the funding requirements.

3.1.2 Risk limit control and mitigation policies

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

The Bank manages the credit risk it undertakes by placing limits on the amount of risk accepted in relation to each borrower or groups of borrowers and to the geographical and industry segments. Such risks are monitored on a regular basis and are subject to an annual or more frequent review when necessary. Limits on the level of credit risk by product/ group, industry sector and by country are approved quarterly by the Board of Directors.

The exposure to any borrower including banks is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is also managed through regular analysis of the existing and potential borrowers-ability to meet their obligations and through changing the lending limits where appropriate. Some other specific control and mitigation measures are outlined below:

Collaterals

The Bank applies a range of policies and practices to mitigate credit risk. One of these methods is accepting collaterals against facilities granted by the Bank. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Real estate mortgage.
- Business assets mortgage, such as machines and goods.
- Financial instruments mortgage, such as debt and equity instruments.

Longer-term finance and lending to corporate entities are generally secured; However, individual credit facilities are generally unsecured. In addition, to minimise the credit loss, the Bank seeks additional collaterals from the concerned parties as soon as impairment indicators are noticed for any loans or facilities.

The Bank determines the collaterals held to secure assets other than loans and advances according to the nature of the instrument. Generally, debt instruments and Treasury bills are unsecured except for asset-backed securities and similar instruments that are secured by a financial instruments portfolio.

Derivatives

The Bank maintains strict control procedures over amounts and terms for the net value of opened derivative positions, i.e. the difference between purchase and sale contracts at both the value and duration levels. In all cases, the amount subject to credit risk is limited to the current fair value of instruments in from which the Bank could gain benefits, i.e. assets that have positive fair value which represent a small value of the contractual amount or the notional value used to express outstanding instruments. The Bank manages this credit risk, which is considered part of the total lending limit granted to customers with expected market changes risk all together. Generally, no collateral is obtained for credit risk related to these instruments, except for marginal deposits required by the Bank from other parties. Settlement risk arises when cash, equity instruments or other securities are used in the settlement process or if there is expectation to receive cash, equity instruments or other securities. Daily settlement limits are established for each counterparty to cover the aggregate settlement risk arising from the daily transactions of the Bank.

Financial risk management (continued)

Master netting arrangements

The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of assets and liabilities shown in the balance sheet, as transactions are either usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Bank's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

Credit-related commitments

The primary purpose of credit-related commitments is to ensure that funds are available to customers when required. Guarantees and standby letters of credit are of the same credit risks as loans. Documentary and commercial letters of credit, which are issued by the Bank on behalf of customers to authorise a third-party to draw within a certain limit in accordance with specific terms and conditions and guaranteed by the goods under shipment, therefore carries a lower risk of the direct loan.

Credit-related commitments represent the unused portion of credit limit authorised to grant loans, guarantees or letters of credit. The Bank is exposed to a possible loss of an amount that equals the total unused commitments as for the credit risk resulting from credit-related commitments. However, the probable amount of loss is less than the unused commitments as most commitments related to granting credit represent contingent liabilities to customers maintaining certain credit standards. The Bank monitors the maturity term of the credit commitments because long-term commitments are of a higher credit risk than short-term commitments.

3.1.3 Impairment and provisioning policies

The internal rating systems described in (Note 3.1.1) focus more on credit quality planning from the beginning of lending and investment activities. Otherwise, losses that occurred at the balance sheet date only are recognised for financial reports purposes based on objective evidence indicating impairment according to what will be mentioned in this note. Due to the different methodologies applied, the amounts of incurred credit losses charged to the financial statements are usually lower than the loss amount determined using the expected loss model used on 31 December 2018 for and Central Bank of Egypt regulations purposes (note 3.1.4).

The impairment provision included in the balance sheet at the end of the year is derived from the four internal rating grades. However, the majority of the provision comes from the last two ratings. The table below shows the percentage of on-balance sheet items related to loans and advances, and the related impairment provision for each rating:

Bank's rating	31 December 2018		31 December 2017	
	Loans and advances	Provision for impairment losses	Loans and advances	Provision for impairment losses
Performing loans	%84	%18	%80	%17
Regular monitoring	%11	%16	%16	%18
Special monitoring	%3	%6	%3	%20
Non-performing loans	%2	%60	%1	%45
	%100	**%100**	**%100**	**%100**

Financial risk management (continued)

The internal rating tools assist management to determine whether if evidence of impairment exists under EAS 26, based on the following criteria set out by the bank:

- Significant financial difficulty of the borrower or the debtor.
- Breach of the loan agreement such as default.
- Expected bankruptcy of the borrower, entering a liquidation lawsuit, or restructuring the finance granted to the borrower.
- Deterioration of the competitive position of the borrower.
- Granting privileges or exceptions by the Bank to the borrower due to economic or legal reasons, which are not granted by the Bank in the normal course of business.
- Impairment of the guarantee.
- Deterioration of creditworthiness

The Bank's policies require reviewing all financial assets that exceed specific materiality at least once a year or more, when required. The impairment loss is determined for accounts evaluated on an individual basis by determining case-by-case actual losses at the balance sheet date. These policies are applied on all accounts which have specific materiality on an individual basis. The valuation usually includes the existing collateral, the related enforcements on these collaterals and the expected collections from those accounts. Impairment loss provision is formed based on a group of similar assets using the historical experience available, personal judgement and statistical methods.

3.1.4 General banking risk measurement model

In addition to the four credit rating levels (note 1.1.3), management classifies sub-categories that are more detailed so as to agree with the requirements of the Central Bank of Egypt (CBE). Assets subject to credit risk are classified in these categories in accordance with regulations and detailed conditions that largely depend on information related to the client's activity, financial position, and regularity of repayment.

The Bank calculates the required provisions for the impairment of the assets subject to credit risk, including commitments related to credit, on the basis of ratios specified by the Central Bank of Egypt. In case the impairment loss provision required by the Central Bank of Egypt exceeds that required for the purpose of financial statement preparation in accordance with the Egyptian accounting standards, the reserve for general banking risk is charged to equity over retained earnings by that increase. This reserve is periodically adjusted with this increase and decrease so that the amount of the increase between the two provisions is always equal. This reserve is not distributable. Note (31-b) shows the 'general banking risk reserve' movement during the financial year.

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

CBE Rating Categorisation	Rating description	Provision %	Internal rating	Integral rating description
1	Low risk	–	1	Performing loans
2	Average risk	1%	1	Performing loans
3	Satisfactory risk	1%	1	Performing loans
4	Reasonable risk	2%	1	Performing loans
5	Acceptable risk	2%	1	Performing loans
6	Acceptable risk marginally	3%	2	Standard monitoring
7	Watchlist	5%	3	Special monitoring
8	Substandard debt	20%	4	Non-performing loans
9	Doubtful loans	50%	4	Non-performing loans
10	Bad debt	100%	4	Non-performing loans

Financial risk management (continued)

3.1.5 Maximum limit for credit risk before collatwerals

	31 December 2018	31 December 2017
Balance Sheet items exposed to credit risks		
Balances with the Central Bank limited to the statutory reserve ratio	2,298,357,635	3,128,167,111
Due from banks	12,129,899,041	5,785,194,762
Treasury bills and other government securities	12,289,402,651	6,305,364,876
Loans and advances to customers		
Retail loans (net):		
- Credit cards	616,885,506	585,768,055
- Personal loans	4,701,572,763	4,015,310,913
- Overdrafts	723,236,505	605,829,822
- Real estate loans	212,901,052	232,085,707
Corporates Loans (net):		
- Overdrafts	13,330,929,686	11,730,910,876
- Direct loans	4,760,142,310	5,397,033,992
- Syndicated loans	6,522,339,006	6,196,423,466
- Other loans	313,930,439	632,924,753
Financial investments:		
- Debt instruments	7,598,309,664	8,134,834,851
Total	**65,497,906,258**	**52,749,849,184**
Off-balance sheet items exposed to credit risk *		
Loans commitments and other irrevocable credit commitments	381,829,982	550,249,516
Letters of credit - import	277,547,702	268,705,323
Letters of guarantee	4,884,921,769	4,701,590,774
Letters of guarantee for suppliers facilities	593,928,418	233,750,126
Letters of credit - export	-	1,191,881
Total	6,138,227,871	5,755,487,620

The above table represents the maximum limit for credit risk as of 31 December 2018 and 31 December 2017, without taking any collaterals into consideration. For on-balance-sheet items, amounts stated depend on net carrying amounts shown in the balance sheet. As shown in the preceding table 48% of the total maximum limit exposed to credit risk resulted from loans and advances to customers and banks at 31 December 2018 against 56% at 31 December 2017, while investments in debt instruments represents 12% against 15% at 31 December 2017.

Financial risk management (continued)

The management is confident of its ability to maintain control on an ongoing basis and maintain the minimum credit risk resulting from the loans and advances portfolio and debt instruments based on the following:

- 94% of the loans and advances portfolio is classified at the highest two ratings in the internal rating as at 31 December 2018 against 96% as at 31 December 2017.
- 91% of the loans and advances portfolio does not have past dues or impairment indicators as at 31 December 2018 against 90% as at 31 December 2017.
- Loans and advances, which are assessed on individual basis, amounted to EGP 771,140,552 at 31 December 2018 against EGP 440,803,901at 31 December 2017, there is impairment less than 79% against 82% at 31 December 2017.
- Increase in impairment charge, which is charged to the statement of income at 31 December 2018 by EGP 292,170,805 on an individual basis against an increase of EGP 96,856,748 at 31 December 2017.

3.1.6 Loans and advances

Below is the position of loans and advances relative to credit worthiness:

	31 December 2018	31 December 2017
Neither past due nor impaired	29,189,661,001	27,152,696,395
Past due but not impaired	2,201,623,331	2,568,724,801
Subject to impairment	771,140,552	440,803,901
Total	**32,162,424,884**	**30,162,225,097**
Less: Provision for impairment losses	(980,487,617)	(765,937,513)
Net	**31,181,937,267**	**29,396,287,584**

The Bank's total impairment loss for loans and advances amounted to EGP 980,487,618 as at 31 December 2018 against EGP 765,937,513 as at 31 December 2017, of which EGP 592,720,683 against EGP 341,228,027 as at 31 December 2017 representing impairment of individual loans and the remaining amount of EGP 387,766,935 against EGP 424,709,486 as at 31 December 2017 representing impairment loss on a group basis for the credit portfolio. Note (17) comprises additional information regarding the impairment loss provision on loans and advances to customers.

The credit quality of the loans and advances portfolio that neither have past dues nor are subject to impairment is evaluated based on the internal rating of the Bank.

Financial risk management (continued)

Loans and advances to customers at 31 December 2018

	Retail				Corporate			
	Credit cards	Personal loans	Overdrafts	Real estate loans	Direct loans and overdrafts	Syndicated loans	Other loans	**Total**
Performing	548,614,832	4,063,501,362	737,030,746	171,126,544	14,429,318,132	5,848,071,918	137,883,735	25,935,547,269
Standard monitoring	-	–	–	–	2,375,507,864	5,374,080	149,310,342	2,530,192,286
Special monitoring	-	–	–	–	455,217,446	268,704,000	-	723,921,446
Total	**548,614,832**	**4,063,501,362**	**737,030,746**	**171,126,544**	**17,260,043,442**	**6,122,149,998**	**287,194,077**	**29,189,661,001**

Loans and advances to customers at 31 December 2017

	Retail				Corporate			
	Credit cards	Personal loans	Overdrafts	Real estate loans	Direct loans and overdrafts	Syndicated loans	Other loans	**Total**
Performing	498,262,741	3,416,402,858	612,566,500	188,631,084	11,956,758,035	5,105,481,846	252,868,956	22,030,972,020
Standard monitoring	-	–	–	–	3,381,923,171	834,157,349	296,043,363	4,512,123,883
Special monitoring	-	–	–	–	470,017,460	139,583,032	-	609,600,492
Total	**498,262,741**	**3,416,402,858**	**612,566,500**	**188,631,084**	**15,808,698,666**	**6,079,222,227**	**548,912,319**	**27,152,696,395**

Financial risk management (continued)

Loans and advances with past dues but not subject to impairment

Loans and advances that have past dues until 90 days but are not considered impaired unless there is information that proves otherwise. Loans and advances having past dues but not impaired, and the fair value of the related collaterals are as follows:

31 December 2018	Retail				Corporate		
	Credit cards	Personal loans	Real estate loans	Direct loans and overdrafts	Syndicated loans	Other loans	**Total**
Past dues up to 30 days	41,147,689	417,245,971	24,996,606	80,121,279	-	–	563,511,546
Past dues from 30 to 60 days	17,932,573	142,345,226	17,058,320	429,992,946	-	–	607,329,065
Past dues from 60 to 90 days	9,679,307	54,209,587	-	443,925,321	485,972,995	36,995,510	1,030,782,720
Total	**68,759,569**	**613,800,784**	**42,054,926**	**954,039,546**	**485,972,995**	**36,995,510**	**2,201,623,331**
Fair value of collaterals	**3,231,362**	**123,181,826**	**–**	**142,833,378**		**-**	**269,246,566**

31 December 2017	Retail					Corporate	
	Credit cards	Personal loans	Real estate loans	Direct loans and overdrafts	Syndicated loans	Other loans	**Total**
Past dues up to 30 days	51,077,408	386,899,383	41,927,011	714,385,038	223,369,020	23,870,949	1,441,528,809
Past dues from 30 to 60 days	20,876,281	142,813,194	1,680,813	472,694,078	-	4,122,742	642,187,108
Past dues from 60 to 90 days	12,509,110	47,559,654	–	339,462,601	22,585,090	62,892,429	485,008,884
Total	**84,462,799**	**577,272,231**	**43,607,824**	**1,526,541,717**	**245,954,110**	**90,886,120**	**2,568,724,801**
Fair value of collaterals	**3,231,362**	**123,181,826**	**–**	**385,006,366**	**–**	**–**	**511,419,554**

Upon the initial recognition of loans and advances, the fair value of collaterals is assessed based on valuation methods commonly used for similar assets. In subsequent periods, the fair value is updated to reflect the market price or the price of similar assets.

Financial risk management (continued)

Loans and advances to customers individually
The individually impaired loans and advances to customers before taking into consideration cash flows from collaterals amounted to EGP 771,140,552 at 31 December 2018 compared to EGP 440,803,902 at 31 December 2017. The breakdown of the gross amount of individually impaired loans and advances including fair value of collateral obtained by the bank are as follows:

Balance at 31 December 2018

	Retail		Corporate	
	Credit cards	Personal loans	Direct loans and overdrafts	Total
Loans subject to individual impairment	8,712,447	55,009,665	707,418,440	771,140,552
Fair value of collaterals	**24,373**	**585,126**	**70,802,714**	**71,412,213**

Balance at 31 December 2017

	Retail		Corporate	
	Credit cards	Personal loans	Direct loans and overdrafts	Total
Loans subject to individual impairment	8,871,773	52,542,051	379,390,077	440,803,901
Fair value of collaterals	**5,431**	**97,200**	**66,898,261**	**67,000,892**

Financial risk management (continued)

Restructured loans and advances

Restructuring activities include extension of payment terms, execution of mandatory management programs, and amendment and postponement of repayment. Application of restructuring policies depend on indicators or standards referring to high probabilities of payment continuation based on the management's judgement. These policies are reviewed regularly. Restructuring is usually applied to long-term loans, especially loans for financing customers. The renegotiated loans amounted to EGP 1,696,345,451 as at 31 December 2018 compared to EGP 1,530,054,856 at 31 December 2017.

Loans and advances to customers	31 December 2018	31 December 2017
Corporate		
Direct loans	1,696,345, 451	1,530,054,856
Total	1,696,345,451	1,530,054,856

3.1.7 Debt instruments, treasury bills and other government securities

The table below shows an analysis of debt instruments, treasury bills and other governmental notes according to the rating agencies Standard & Poor's and similar at 31 December 2018.

	Treasury bills and other government securities	Investments in securities	**Total**
AAA to AA-	–	554,003,932	**554,003,932**
A- to A+	–	528,359,841	**528,359,841**
Less than -A	12,289,402,651	6,500,155,414	**18,789,558,065**
Not rated	–	15,790,477	**15,790,477**
Total	**12,289,402,651**	**7,598,309,664**	**19,887,712,315**

3.1.8 Concentration of risks of financial assets with credit risk exposure

Geographical segments

The following table represents a breakdown of the most significant credit risk limits at their carrying amounts distributed according to the geographical segment at 31December 2018. When this table was prepared, risks were distributed over the geographical segments according to the areas related to customers.

	Arab Republic of Egypt						
31 December 2018	**Cairo**	**Alexandria Delta and Sinai**	**Total**	**Arab Gulf Countries**	**Other countries**	**Total**	**Total**
Treasury bills and other	–	–	–	-	–	–	
government securities	12,289,402,651		**12,289,402,651**		-	–	**12,289,402,651**
Loans and advances to customers	-		-		-		
Retail loans				-	–	–	
Overdrafts	550,976,524	186,055,134	**737,031,658**	-	–	–	**737,031,658**
Credit cards	530,776,376	95,310,471	**626,086,847**	-	–	–	**626,086,847**
Personal loans	3,768,161,773	964,149,128	**4,732,310,901**	-	–	–	**4,732,310,901**
Real estate loans	211,574,360	1,607,111	**213,181,471**		–	–	**213,181,471**
Corporate loans				-			
Overdrafts	11,886,403,823	1,747,052,173	**13,633,455,996**	-	20,530,872	**20,530,872**	**13,653,986,868**
Direct loans	4,893,337,449	374,177,101	**5,267,514,550**	-	–	**–**	**5,267,514,550**
Syndicated loans	6,346,387,601	-	**6,346,387,601**	-	261,735,392	**261,735,392**	**6,608,122,993**
Other loans	316,998,559	7,191,037	**324,189,596**	-	–	**–**	**324,189,596**
Financial derivatives	938,982	-	**938,982**	-	–	**–**	**938,982**
Financial investments							
Debt instruments	6,289,204,500	-	**6,289,204,500**	906,485,361	402,619,803	**1,309,105,164**	**7,598,309,664**
Other assets	1,370,765,013	-	**1,370,765,013**	2,401,236	10,912,965	**13,314,201**	**1,384,079,214**
Total at 31 December 2018	**48,454,927,611**	**3,375,542,155**	**51,830,469,766**	**908,886,597**	**695,799,032**	**1,604,685,629**	**53,435,155,395**
Total at 31 December 2017	**41,701,967,713**	**3,167,484,474**	**44,869,452,187**	**723,670,763**	**324,053,903**	**1,047,724,666**	**45,917,176,853**

31 December 2018	Financial institutions	Industrial institutions	Real estate activity	Retail and wholesale trade	Government sector	Other activities	Retail	Total
Treasury bills and other government securities	–	–	–	–	12,289,402,651	-	–	**12,289,402,651**
Loans and advances to customers								
Retail loans								
Overdrafts	–	–	–	–	–	–	737,031,658	**737,031,658**
Credit cards	–	–	–	–	–	–	626,086,847	**626,086,847**
Personal loans	–	–	–	–	–	–	4,732,310,901	**4,732,310,901**
Real estate loans	–	–	–	–	–	–	213,181,471	**213,181,471**
Corporate loans								
Overdrafts	47,947,253	7,152,107,634	1,218,858,485	3,010,162,480	169,737,261	2,055,173,755	-	**13,653,986,868**
Direct loans	186,666,659	1,778,326,398	602,876,573	1,251,495,182	154,879,466	1,293,270,272	-	**5,267,514,550**
Syndicated loans	–	2,188,227,810	436,113,091	548,688,462	2,957,839,400	477,254,230	-	**6,608,122,993**
Other loans	–	103,139,720	22,820,409	125,307,126	45,185,067	27,737,274	-	**324,189,596**
Financial derivatives	814,277	124,705	-	–	–	–	–	**938,982**
Financial investments								
Debt instruments	376,151,080	-	–	–	6,767,458,570	454,700,014	-	**7,598,309,664**
Other assets	8,499,375	49,210,610	26,911,828	19,453,721	364,053,507	853,577,808	62,372,365	**1,384,079,214**
Total at 31 December 2018	**620,078,644**	**11,271,136,877**	**2,307,580,386**	**4,955,106,971**	**22,748,555,922**	**5,161,713,353**	**6,370,983,242**	**53,435,155,395**
Total at 31 December 2017	**1,851,662,425**	**11,233,158,753**	**2,441,571,060**	**4,045,505,761**	**17,850,986,184**	**2,958,295,360**	**5,535,997,311**	**45,917,176,854**

Financial risk management (continued)

3.2 Market risk

The Bank is exposed to market risk, which is the risk of fair value or future cash flow fluctuations from changes in market price. Market risks arise from open market related to interest rate, currency, and equity products of which each is exposed to general and specific market movements and changes in sensitivity levels of market rates or prices, such as interest rates, foreign exchange rates and equity instrument prices. The Bank divides its exposure to market risk into trading and non-trading portfolios.

Management of market risks arising from trading or non-trading activities focuses on risk management in the Bank which is monitored by two separate teams. Regular reports about market risk are submitted to the Board of Directors and each business unit head periodically.

Trading portfolios include positions resulting from the bank dealing directly with customers or with the market, while non-trading portfolios primarily arise from managing assets and liabilities interest price related to retail transactions. Such portfolios include foreign exchange risk and equity instruments risks arising from the Bank's held-to-maturity and available-for-sale investments.

3.2.1 Market risk measurement techniques

As part of market risk management, the Bank undertakes various hedging strategies. The Bank also enters into swaps to match the interest rate risk associated with the deb instruments and fixed-rate long-term loans if the fair value option has been applied. The major measurement techniques used to control market risk are outlined below:

Value at risk

The Bank applies a 'value at risk' methodology (VAR) for trading and non-trading portfolios to estimate the market risk on positions held and the maximum expected losses based on a number of assumptions for various changes in market conditions. The Board sets separate limits for the value of risk that may be accepted by the Bank for trading and non-trading portfolios and are monitored by the Bank's risk management.

VAR is a statistical estimation of the expected losses on the current portfolio resulting from adverse market movements, which represent the maximum amount the Bank expects to lose using a confidence level of (98%). Therefore, there is a statistical probability of (2%) that actual losses could be greater than the VAR estimation. The

VAR model assumes that the holding period is ten days before closing the open positions. It also assumes that market movements during the holding period will be similar to the movement pattern which occurred during the previous ten days. The Bank's assessment of past movements is based on data for the previous five years. The Bank applies these historical changes in rates, prices, indicators, etc., directly to its current positions. This approach is called historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and factors used in the VAR calculation.

The use of this approach does not prevent losses from exceeding these limits if there are significant market movements.

As VAR is considered a primary part of the Bank's market risk control technique, VAR limits are established by the Board of Directors annually for all trading and non-trading transactions and allocated to business units. Actual VAR are compared to the limits set by the Bank and reviewed daily by the Bank's risk management. The average daily VAR for the Bank during the current year was EGP 4,794 against EGP 7,558 during 31 December 2017.

Financial risk management (continued)

The quality of the VAR model is continuously monitored through enhanced VAR testing of the trading portfolio and the results of the tests are submitted to senior management and the Board of Directors.

Stress testing

Stress testing provides an indicator of the expected losses that may arise from sharp adverse circumstances. Stress testing is designed to match the business using standard analysis for specific scenarios. The stress testing carried out by the Bank's risk management include risk factor stress testing where sharp movements are applied to each risk category and emerging markets stress tests, as emerging markets are subject to sharp movements and special stress tests, including possible stress events affecting specific positions or regions, such as what may arise in a certain region due to applying a free rate on a certain currency. The results of the stress testing are reviewed by the top management and the Board of Directors.

3.2.2 VAR summary

Total VAR of non-trading portfolio by the type of risk:

000' EGP

	31 December 2018			31 December 2017		
	Average	High	Low	Average	High	Low
Exchange rate risk	4,794	13,660	527	7,558	15,340	1,513

Financial risk management (continued)

3.2.3 Foreign exchange volatility risk

The Bank is exposed to the effects of volatility in the prevailing foreign currency exchange rates on its balance sheet and cash flows. The Board of Directors sets limits for foreign exchange with the aggregate value for each position at the end of the day as well as during the day, which is controlled on timely basis. The following table summarizes the Bank's exposure to foreign exchange volatility risk at 31 December 2018. The following table includes the carrying amounts of the financial instruments in their currencies:

Financial assets:	Egyptian Pounds	USD	GBP	Euro	Others	Total
Cash and balances with the Central Bank of Egypt	2,600,752,384	168,873,155	9,767,043	62,887,505	13,060,158	**2,855,340,245**
Due from banks	7,575,586,455	3,767,266,451	80,944,500	693,360,206	12,741,429	**12,129,899,041**
Treasury bills and other government securities	12,289,402,651	-	–	–	–	**12,289,402,651**
Loans and advances to customers	21,125,888,496	9,758,192,353	17,480	297,768,524	70,414	**31,181,937,267**
Financial derivatives	938,982	-	–	–	–	**938,982**
Financial investments available for sale	751,972,085	1,313,225,292	-	–	–	**2,065,197,377**
Financial Investments held to maturity	5,540,905,815	-	–	–	–	**5,540,905,815**
Other financial assets	573,083,179	62,301,062	1,326	181,588	-	**635,567,155**
Total financial assets	**50,458,530,047**	**15,069,858,313**	**90,730,349**	**1,054,197,823**	**25,872,001**	**66,699,188,533**
Financial liabilities						
Due to banks	15,397,361	21,167,394	-	–	–	**36,564,755**
Customers' deposits	46,149,440,309	11,842,335,288	93,855,290	1,039,160,500	24,228,667	**59,149,020,054**
Other loans	1,224,096,000	-	–	–	–	**1,224,096,000**
Financial derivatives	691,854	-	–	–	–	**691,854**
Other financial liabilities	**451,597,934**	**86,739,365**	**51,761**	**1,515,256**	**(5,448)**	**539,898,868**
Total financial liabilities	**47,841,223,458**	**11,950,242,047**	**93,907,051**	**1,040,675,756**	**24,223,219**	**60,950,271,531**
Net financial position	**2,617,306,589**	**3,119,616,266**	**(3,176,702)**	**13,522,067**	**1,648,782**	**5,748,917,002**
Credit related commitments	**381,829,982**	**-**	**–**	**–**	**–**	**381,829,982**
31 December 2017						
Total financial assets	**40,126,773,597**	**12,469,739,049**	**66,878,962**	**1,380,532,153**	**41,690,864**	**54,085,614,625**
Total financial liabilities	**37,289,095,713**	**11,146,318,146**	**99,953,243**	**980,452,869**	**27,661,891**	**49,543,481,862**
Net financial position	**2,837,677,884**	**1,323,420,903**	**(33,074,281)**	**400,079,284**	**14,028,973**	**4,542,132,763**

Financial risk management (continued)

3.2.4 Interest rate risk

The Bank is exposed to the effects of fluctuations in the interest rates prevailing in the market, which is the risk of cash flows of the interest rate represented in fluctuation of future cash flows for a financial instrument due to changes in the interest rate of the instrument. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The interest margin may increase due to these changes; however, revenues may decrease in case unexpected movements arise.

The Board sets limits on the level of mismatch of interest rate repricing that the Bank may maintain, which is monitored daily by the Bank's risk management.

The following table summarises the Bank's exposure to interest rate volatility risk. It includes the financial instruments' carrying amounts categorised by the earlier repricing or maturity dates:

31 December 2018	Up to one month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year to 5 years	More than 5 years	Non interest bearing	Total
Cash and balances with the Central Bank of Egypt	–	–	–	–	–	2,855,340,245	**2,855,340,245**
Due from banks	8,880,094,577	2,952,142,726	287,525,212	-	–	10,136,526	**12,129,899,041**
Treasury bills and other government securities	897,853,634	2,688,389,248	8,703,159,769	-	–	–	**12,289,402,651**
Loans and advances to customers	8,993,778,091	14,334,206,243	3,791,490,511	4,199,141,026	349,113,745	(485,792,349)	**31,181,937,267**
Financial derivatives	736,737	196,929	5,316	-	–	–	**938,982**
Financial investments available for sale	2,295,491	1,768,991	506,449,682	1,404,443,631	188,377,832	(38,138,250)	**2,065,197,377**
Financial Investments held to maturity	686,995	217,748,539	6,258,000	5,021,037,968	380,835,140	(85,660,827)	**5,540,905,815**
Other financial assets	175,632,297	246,765,050	130,921,221	15,168,214	-	67,080,373	**635,567,155**
Total financial assets	**18,951,077,822**	**20,441,217,726**	**13,425,809,711**	**10,639,790,839**	**918,326,717**	**2,322,965,718**	**66,699,188,533**
Financial liabilities							
Due to banks	36,564,755	-	–	–	–	–	**36,564,755**
Customers' deposits	15,283,977,341	7,311,187,473	16,154,651,544	14,559,491,397	6,904,000	5,832,808,299	**59,149,020,054**
Financial derivatives	635,806	56,048	-	–	–	–	**691,854**
Other loans	149,280,000	1,074,816,000	-	–	–	–	**1,224,096,000**
Other financial liabilities	**191,271,585**	**84,397,440**	**21,362,891**	**7,360,533**	**2,629,029**	**232,877,390**	**539,898,868**
Total financial liabilities	**15,661,729,487**	**8,470,456,961**	**16,176,014,435**	**14,566,851,930**	**9,533,029**	**6,065,685,689**	**60,950,271,531**
Re-pricing gap	**3,289,348,335**	**11,970,760,765**	**(2,750,204,724)**	**(3,927,061,091)**	**908,793,688**	**(3,742,719,971)**	**5,748,917,002**
31 December 2017 Total financial assets	**8,504,840,244**	**21,475,513,963**	**9,945,210,183**	**9,356,315,565**	**2,230,164,168**	**2,245,753,507**	**53,757,797,630**
Total financial liabilities	**6,780,625,512**	**8,943,650,458**	**20,219,629,107**	**8,648,473,148**	**8,792,000**	**4,942,311,638**	**49,543,481,863**
Re-pricing gap	**(1,724,214,732)**	**(12,531,863,505)**	**10,274,418,924**	**(707,842,417)**	**(2,221,372,169)**	**2,696,558,131**	**(4,214,315,768)**

Financial risk management (continued)

* The amount of EGP (485,792,349) represents the value of proceeds collected in advance and amortised over the lifetime of customers loans, and provision for impairment loss for groups.....

** The amount of (38,138,250) represents the revalua - tion of available-for-sale financial investments amounting to (45,931,788) and equity investments amounting to 7,793,528.

*** The amount of (85,660,827) represents the revaluation of financial investments available for sale which have been reclassified to financial investments held to maturity.

3.3 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its obligations when they fall due, and re-plenish amounts withdrawn. This could result in failure to fulfil the obligations of repayments to depositors and meet the commitment of lending.

3.3.1 Liquidity risk management

The Bank's liquidity management process carried out by the Bank's risk management includes:

* Daily funding managed by monitoring future cash flows to ensure that all requirements can be met when due. This includes replenishment of funds when they are due or lent to customers. To ensure that the Bank reaches its objective, the Bank main tains an active presence in global money markets.

* Maintaining a portfolio of highly marketable as sets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flows.
** Monitoring liquidity ratios in comparison with the Bank's internal requirements and CBE requirements.
*** Managing loans' concentration and dues.

For monitoring and reporting purposes, cash flows for the following day, week, and month are measured and projected. Such periods are the key periods for liquidity management. The starting point of calculating these projections is analysing the contractual maturities of financial liabilities and expected financial assets collections.
The Risk Management Dept. monitors the incompatibility between medium-term assets, the level and nature of unused loans commitments, overdraft utilisations, and the effect of contingent liabilities such as letters of guarantees and letters of credit.

3.3.2 Funding approach

Sources of liquidity are regularly reviewed by a separate team in the Bank's Risk Management Dept. to maintain a wide diversification by currency, geography, providers, products and terms.

3.3.3 Non-derivative cash flows

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities on the basis of remaining contractual maturities at the date of financial position. The amounts disclosed in the table are the contractual undiscounted cash flows. The Bank manages the liquidity risk based on expected undiscounted and un-contractual cash inflows, and were not disclosed in accordance with contractual cash flows as they did not enable the current automated systems to use these amounts accurately.

Financial risk management (continued)

31 December 2018 (Local currency)	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Liabilities:						
Due to banks	36,564,755	-	–	–	–	**36,564,755**
Customers' deposits	20,484,937,518	9,714,356,934	21,685,364,733	7,257,456,869	6,904,000	**59,149,020,054**
Other loans	29,856,000	-	29,856,000	89,568,000	1,074,816,000	**1,224,096,000**
Other liabilities and financial derivatives	230,850,020	94,508,418	134,684,264	77,744,934	2,803,086	**540,590,722**
Total financial liabilities according to the date of contractual maturity	**20,782,208,293**	**9,808,865,352**	**21,849,904,997**	**7,424,769,803**	**1,084,523,086**	**60,950,271,531**
Total financial assets according to the date of contractual maturity	**23,916,112,527**	**6,496,715,715**	**19,985,705,153**	**14,287,468,179**	**2,013,186,959**	**66,699,188,533**

31 December 2017 (Local currency)	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Liabilities:						
Due to banks	344,741,675	–	–	–	–	**344,741,675**
Customers' deposits	13,226,631,990	8,569,963,658	16,912,393,257	8,655,606,024	8,792,000	**47,373,386,929**
Other loans	–	–	177,277,000	425,464,800	638,197,200	**1,240,939,000**
Other liabilities and financial derivatives	193,748,109	164,587,745	122,190,354	100,737,645	3,150,406	**584,414,259**
Total financial liabilities according to the date of contractual maturity	**13,765,121,774**	**8,734,551,403**	**17,211,860,611**	**9,181,808,469**	**650,139,606**	**49,543,481,863**
Total financial assets according to the date of contractual maturity	**17,831,481,073**	**5,823,312,021**	**16,501,984,212**	**10,449,136,816**	**3,151,883,508**	**53,757,797,630**

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, due from Central Bank of Egypt and due from banks, treasury and other government notes, loans and advances to banks and customers. In the normal course of business, proportion of customer loans contractually repayable within one year will be extended. In addition, debt securities and treasury and other bills have been pledged to secure liabilities. The Bank is able to meet unexpected net cash flows through selling securities and finding other ways of funding.

Derivatives settled in aggregate

The bank's financial derivatives that will be settled in aggregate include:

* Foreign exchange derivatives: Forward forex contracts and interest swap contracts

The table below analyses the bank's derivative financial liabilities that will be settled in aggregation based on the remaining period of contractual maturities at the balance sheet date. The amounts disclosed in the table are the undiscounted cash flows.

31 December 2018	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	Total
Derivatives held-for-trade Foreign exchange derivatives				
Cash Outflows	152,447,616	1,906,192	56,638,563	**210,992,371**
Cash inflows	152,441,888	1,929,278	56,868,333	**211,239,499**
Total cash outflows	**152,447,616**	**1,906,192**	**56,638,563**	**210,992,371**
Total cash inflows	**152,441,888**	**1,929,278**	**56,868,333**	**211,239,499**

31 December 2017	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	Total
Derivatives held-for-trade Foreign exchange derivatives				
Cash Outflows	544,376,853	35,977,680	12,459,991	**592,814,524**
Cash inflows	540,908,025	36,429,848	12,510,408	**589,848,281**
Total cash outflows	**544,376,853**	**35,977,680**	**12,459,991**	**592,814,524**
Total cash inflows	**540,908,025**	**36,429,848**	**12,510,408**	**589,848,281**

Off-balance sheet items

According to the table below and note (23)

31 December 2017	Not later than one year	More than 1 year and less than 5 years	More than 5 years	Total
Loans commitments	197,348,821	184,481,161	-	**381,829,982**
Financial collaterals, accepted bills and other financial advances	11,745,121	741,414,099	5,003,238,669	**5,756,397,889**
Capital commitments resulting from the acquisition of fixed	-	-	-	-
assets*	**31,382,139**	**-**	-	**31,382,139**
Total	**240,476,081**	**925,895,260**	**5,003,238,669**	**6,169,610,010**

Financial risk management (continued)

31 December 2017	Not later than 1 year	More than 1 year and less than 5 years	More than 5 years	Total
Loans commitments	5,032,491	545,217,025	–	**550,249,516**
Financial collaterals, accepted bills and other financial advances	4,402,070,614	749,391,726	53,775,764	**5,205,238,104**
Capital commitments resulting from the acquisition of fixed	-	-	-	-
assets*	**34,718,438**	**-**	-	**34,718,438**
Total	**4,441,821,543**	**1,294,608,751**	**53,775,764**	**5,790,206,058**

3.3.4 Fair value of financial assets and liabilities

Financial instruments measured at fair value using valuation techniques
The change in the estimated fair value using valuation techniques at 31 December 2018 amounted to EGP (42,419,460) against EGP (2,927,700) at 31 December 2017.

Financial instruments not measured at fair value
The table below summarises the current value and the fair value for financial assets and liabilities not presented in the Bank's statement of financial position at their fair value:

Financial assets	Carrying amount		Fair value	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Financial investments held to maturity	**5,540,905,815**	**7,114,565,102**	**5,159,013,354**	**6,849,814,075**

Due from banks

Fair value of overnight placements and deposits bearing variable interest rate represents its current value. The expected fair value for deposits bearing variable interest rate is estimated based on the discounted cash flows using the interest rate prevailing in the financial markets for debts with similar credit risk and due dates.

Loans and advances to customers

Loans and advances are recognised net of the provision for impairment losses. The expected fair value of loans and advances represents the discounted value of future cash flows expected to be collected. The cash flows are discounted using the current market interest rate to determine the fair value.

Investments in securities

Investments in securities shown in the above table include only assets that are bearing interest and held-to-maturity. Available-for-sale assets are evaluated at fair value except for equity instruments which the Bank has been unable to reliably estimate their fair value. Fair value of held-to-maturity financial assets is determined based on market prices or brokers prices. Fair value is estimated using quoted market prices for securities with similar credit, maturity date, and rates characteristics where information is not available.

Financial risk management (continued)

Due to other banks and customers

The estimated fair value of deposits of indefinite maturity, which includes interest-free deposits, represents the amount that will be paid on call.
The fair value of fixed interest-bearing deposits and other loans not traded in an active market is determined based on discounted cash flows using interest rates for new debts of similar maturity dates.

Debt instruments in issue

The aggregate fair value is calculated based on prevailing market prices. For those notes whose quoted market prices are not available, a discounted cash flow model is used based on the current yield curve appropriate for the remaining term to maturity.

3.3.5 Capital management

The Bank's objectives behind managing capital include other elements in addition to the equity shown in the statement of financial position are represented in the following:

- To comply with the legal capital requirements in the Arab Republic of Egypt and other countries in which the Bank's branches operate.
- To protect the Bank's ability to continue as a going concern and enabling it to generate return for shareholders and other parties dealing with the Bank.
- To maintain a strong capital base to enhance busi ness growth.
- Capital adequacy and uses are reviewed according to the regulatory authority's requirements (CBE) by the Bank's management through models based on the instructions of Basel committee for banking supervision. The required data is submitted to CBE on a quarterly basis.

CBE requires the following from the Bank:

- Maintaining EGP 500 million as a minimum re - quirement for the issued and paid-up capital.
- Maintaining a ratio between the capital's elements and the assets and contingent liabilities elements weighted by risk weights at 11,875% or more.

The Bank's branches operating outside the Arab Republic of Egypt are subject to the rules of the supervision governing banking business in the countries in which they operate.
According to Basel II requirements, the nominator of capital adequacy is composed of the following two tiers:

Tier 1 :

The basic going concern capital and consists of issued and paid-up capital (after deducting the carrying amount of treasury shares), retained earnings and reserves resulting from the dividends, except for the general banking risk reserve, less any previously recognised goodwill and any carried-forward losses.

Tier 2:

It is the subordinate capital which consists of the equivalent of the general risk allocation according to the credit worthiness bases issued by the Central Bank of Egypt not exceeding 1,25% of the total assets and contingent liabilities weighted by risk weights. Subordinate loans/ deposits with terms of more than five years (with amortisation of 20% of their value over each year of the last five years of their terms) and 45% of the increase between the fair value and book value of the available-for-sale and held to maturity financial investments and in subsidiaries and associates.

When calculating the total numerator of capital adequacy criterion, cushion capital should not exceed the core capital, and subordinate loans (deposits) should not exceed half the core capital.

Financial risk management (continued)

Assets are weighted by risk weights in a range from 0% to 100% and classified depending on the nature of the debtor at each asset, reflecting the credit risk associated with it, and taking into account the cash collaterals. The same treatment is used for the off-statement of financial position amounts after making relevant adjustments to reflect the contingent nature and the potential loss for these amounts.

The Bank has complied with all local capital requirements and in the countries in which its external branches operate during the past two years. The following table summarises the core and subordinate capital components and the capital adequacy ratios at the end of these two years.

Share capital (000' EGP)	31 December 2018	31 December 2017
Tier 1 (Basic capital)		
Share capital	2,152,447	2,152,447
Legal reserve	247,015	195,972
Other reserves	336,690	648
Retained earnings and Interim earnings	3,638,836	2,707,729
Disposals from basic capital	(397,816)	(352,442)
Total basic capital after disposals	**5,977,172**	**4,704,354**
Tier 2 after disposals (subordinate capital)		
Provisions of impairment losses of performing loans and advances, and contingent liabilities	417,100	419,996
45% of the fair value reserve of available for sale financial investments	5,733	433
45% of the increase of fair value over the carrying amount of held to maturity financial investments		4,646
Subordinate loans (deposits)	1,074,816	1,063,663
Total subordinate capital	1,497,649	**1,488,738**
Total capital	7,474,821	**6,193,092**
Total credit risk	33,368,649	33,602,277
Total market risks	283,558	-
Total operating risk	4,421,945	3,658,143
Total risk weighted assets and contingent liabilities in order to cover credit, market and operational risks	38,074,152	**37,260,420**
Capital adequacy ratio	**19,632%**	**16,621%**

3.3.6 Leverage ratio

The Board of Directors of the Central Bank of Egypt approved in its meeting held on 7 July 2015 special supervisory instructions related to leverage ratio with banks' commitment of minimum level of leverage ratio of (3%) on a quarterly basis as follows:

- As a guidance ratio starting from the end of September 2015 until 2017.
- As an obligatory ratio starting from the year 2018.

This is in preparation for adoption within the first pillar of Basel (the minimum capital adequacy standard) in order to maintain the strength and integrity of the Egyptian banking system and keep abreast with the international best regulatory practices in this regard.

The financial leverage reflects the relationship between tier 1 of capital that is used in capital adequacy standard (after disposals) and the Bank's assets (on and off balance sheet) that are not risk weighted assets.

Ratio elements

- The numerator elements:
  The numerator consists of tier 1 of capital that is used in capital adequacy standard (after exclusions) currently applied, in accordance with the instructions of the Central Bank of Egypt.

- The denominator elements
  The denominator consists of all the Bank's assets (on and off-balance sheet items) according to the financial statements, called "Bank Exposures" including the following totals:

1. On Balance Sheet exposure items after deducting Tier 1 exclusions for capital base.
2. Derivatives contracts exposures.
3. Exposures resulting from financing securities.
4. Off-balance sheet exposures "weighted exchange transactions".

The table below summarises the financial leverage ratio at 31 December 2018:

Financial leverage ratio	31 December 2018	31 December 2017
First: Tier I capital after disposals	5,977,172	4,704,354
Total exposures on balance sheet items	69,660,309	57,394,232
Total exposures off balance sheet items	4,854,808	4,289,262
Total exposures on & off-balance sheet items	74,515,118	61,683,494
Financial leverage ratio	8,02%	7,63%

Significant accounting estimates and assumptions

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities disclosed in the next financial period. Estimations and assumptions are continually evaluated on the basis of historical experience and other factors, including the expectations of future events that are believed to be reasonable through the available information and circumstances.

4.1 Impairment losses for loans and advances

The Bank reviews its loan and advances portfolio to assess impairment at least on a quarterly basis. The Bank uses the mechanisms assigned to the business system to determine whether the impairment charge should be recognised in the statement of income. This is intended to know whether there is any reliable data indicating that there is a measurable decrease in the expected future cash flows from the loan portfolio before identifying the decline in the level of one loan in that portfolio. Such evidence may include data indicating a negative change in the ability of a borrower›s portfolio to repay to the Bank or in local or economic conditions associated with a default in the Bank›s assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics in case of the existence of objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The method and assumptions used to estimate the amount and the timing of future cash flows are reviewed on a regular basis in order to reduce any difference between the expected and the actual loss based on experience. If the variance of the net current value of the expected cash flows reaches +/-5%, the impairment losses provision will be higher by EGP 2,093,882 thousand or lower by EGP (2,093,882) thousand than the formed provisions.

4.2 Impairment of available-for-sale equity instruments

The Bank recognises the impairment of investments in available-for-sale equity instruments when there is a significant or prolonged decline in the fair value below its cost. A judgement is required to determine that the decline is significant or prolonged. In making this judgement, the Bank evaluates the regular volatility in share price, among other factors. In addition, impairment may occur when there is evidence of deterioration in the investee's financial position or operating/financing cash flows, industry or sector performance, or changes in technology.

4.3 Held-to-maturity financial investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity investments which requires a high degree of judgement. In order to make this decision, the Bank evaluates the intention and ability to hold such investments to maturity. If the Bank fails to hold such investments until maturity except for certain circumstances such as selling an insignificant amount of held-to-maturity investments near to maturity date, then all held-to-maturity investments should be reclassified as available-for-sale, which will be measured at fair value instead of amortised cost. In addition, the Bank should suspend classifying any investments under that item.

If using the classification of held-to-maturity investments is suspended, the carrying amount shall be increased or decreased to reach its fair value by recording an amount in the fair value reserve under equity.

Significant accounting estimates and assumptions (continued)

4.4 Income taxes

The Bank is subject to income tax which requires the use of significant estimates to calculate the total income tax provision. There are a number of processes and calculations of which the final income tax would be hard to determine accurately. The Bank recognises liabilities for the expected results of the tax inspection based on estimates of the probability of additional taxes arising. When there is a difference between the final result of the tax and the amounts previously recorded by the Bank, such differences will affect the income tax and the deferred tax provision in the period the difference was determined.

5. Segment analysis

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

Large, medium and small enterprises

Includes activities of current accounts, deposits, overdrafts, loans, credit facilities, and financial derivatives.

Investment

Includes activities of merging companies, purchase of investments, financing companies' restructuring, and financial instruments.

Individuals

Includes activities of current accounts, saving accounts, deposits, credit cards, personal loans, and mortgage loans.

Other activities

Includes other banking operations, such as fund management.

Transactions among segments are performed according to the Bank's operating cycle, and include assets and operating liabilities as presented in the Bank's balance sheet.

31 December 2018
Revenues and expenses by business segment

31 December 2017	**Large financial institutions**	**Medium and small corporates**	**Investment**	**Retail**	**Total**
Income of segmental activities	3,636,339,290	**605,298,427**	1,099,602,569	2,992,748,613	8,333,988,899
Expenses of segmental activities	(2,958,305,486)	**(519,467,163)**	(958,210,644)	(2,196,984,331)	(6,632,967,624)
Results of business segment	**678,033,804**	**85,831,264**	**141,391,925**	**795,764,282**	**1,701,021,275**
Taxation	(152,557,607)	(19,312,034)	(31,813,183)	(229,951,998)	(433,634,822)
Profit for the period	**525,476,197**	**66,519,230**	**109,578,742**	**565,812,284**	**1,267,386,453**

Segment analysis (continued)

Assets and liabilities according to segmental activities					
	Large financial institutions	**Medium and small corporates**	**Investment**	**Retail**	**Total**
Assets of segmental activities	22,110,404,400	4,472,661,755	37,499,586,831	4,318,252,920	**68,400,905,906**
Other items of segmental activities					
Depreciations	**(30,604,020)**	**(5,007,023)**	**(51,931,145)**	**(18,538,544)**	**(106,080,732)**
Impairment and effect of other provisions on the statement of income	(278,618,379)	–	–	-	**(278,618,379)**

31 December 2017
Revenues and expenses by business segment

31 December 2017	Large financial institutions	Medium and small corporates	Investment	Retail	Total
Income of segmental activities	3,399,798,390	453,114,940	1,856,400,464	1,663,417,204	**7,372,730,998**
Expenses of segmental activities	(2,762,503,776)	(359,304,426)	(1,487,888,860)	(1,436,985,474)	**(6,046,682,536)**
Results of business segment	**637,294,614**	**93,810,514**	**368,511,604**	**226,431,730**	**1,326,048,462**
Taxation	(143,391,288)	(21,107,366)	(89,724,983)	(50,947,139)	**(305,107,776)**
Profit for the period	**493,903,326**	**72,703,148**	**278,786,621**	**175,484,591**	**1,020,877,686**

Assets and liabilities according to segmental activities

Assets and liabilities according to segmental activities					
Assets of segmental activities	**Large financial institutions**	**Medium and small corporates**	**Investment**	**Retail**	**Total**
Assets of segmental activities	20,659,532,419	3,297,760,671	26,398,471,155	5,438,994,492	**55,794,758,737**
Other items of segmental activities					
Depreciations	**(23,003,124)**	**(5,029,367)**	**(38,772,566)**	**(16,942,342)**	**(83,747,399)**
Impairment and effect of other provisions on the statement of income	(10,005,798)	–	–	–	**(10,005,798)**

Segment analysis (continued)

31 December 2018:

Revenues and expenses by geographical segments

	Egypt				EGP	
	Cairo	Alexandria, Delta and Sinai	Total	Arab Gulf Countries	Other countries	Total
Revenue of geographical segments	7,593,424,015	647,881,894	**8,241,305,909**	5,121,619	87,561,371	**8,333,988,899**
Expenses of geographical segments	(5,859,909,498)	(713,561,123)	**(6,573,470,621)**	(173,152)	(56,534,410)	**(6,630,178,183)**
Results of business segment	**1,733,514,517**	**(65,679,229)**	**1,667,835,288**	**4,948,467**	**31,026,961**	**1,703,810,716**
Unclassified expenses	–	–	–	–	–	**(2,789,441)**
Profit for the period before tax	-	–	–		–	**1,701,021,275**
Taxation	–	–	–	–	–	**(433,634,822)**
Profit for the period	-	–	–	–	–	**1,267,386,453**
Assets and liabilities by geographical segments						
Assets of geographical sectors Unclassified assets	60,814,824,687	3,723,343,303	**64,538,167,990**	**1,692,907,709**	2,557,597,141	**68,788,672,840**
Unclassified assets	–	–	–		–	**(387,766,934)**
Total assets	60,814,824,687	3,723,343,303	**64,538,167,990**	**1,692,907,709**	2,557,597,141	**68,400,905,906**
Liabilities of geographical segments	51,897,656,064	8,400,828,142	**60,298,484,206**	38,385,382	1,278,892,967	**61,615,762,555**
Unclassified liabilities	–	–	–	–	–	**54,969,520**
Total liabilities	**51,897,656,064**	**8,400,828,142**	**60,298,484,206**	**38,385,382**	**1,278,892,967**	**61,670,732,075**
Other items of geographical segments						
Depreciations	(97,284,435)	(8,796,297)	**(106,080,732)**	–	–	**(106,080,732)**
Impairment and effect of other provisions on the statement of income	10,674,230	-	**10,674,230**	–	–	**10,674,230**

Segment analysis (continued)

31 December 2017:

Revenues and expenses by geographical segments

	Egypt				EGP	
	Cairo	Alexandria, Delta and Sinai	Total	Arab Gulf Countries	Other countries	Total
Revenue of geographical segments	6,729,417,625	565,560,681	**7,294,978,306**	10,791,450	66,315,536	**7,372,085,292**
Expenses of geographical segments	(5,139,284,905)	(675,268,511)	**(5,970,042,681)**	(138,697)	(80,286,124)	**(6,050,467,502)**
Results of business segments	**1,590,132,720**	**(109,707,830)**	**1,324,935,625**	**10,652,753**	**(13,970,588)**	**1,321,617,790**
Unclassified expenses	–	–	–	–	–	**(151,058,593)**
Profit for the period before tax	-	–	–	–	–	**1,326,048,462**
Taxation	–	–	–	–	–	**(305,170,776)**
Profit for the period	-	–	–	–	–	**1,020,877,686**
31 December 2017						
Assets and liabilities by geographical segments						
Assets of geographical sectors	48,875,196,721	3,502,892,565	**52,378,089,286**	1,261,810,540	2,304,942,759	**55,944,842,585**
Unclassified assets	–	–	–		–	**(150,083,848)**
Total assets	48,875,196,721	3,502,892,565	**52,378,089,286**	**1,261,810,540**	2,304,942,759	**55,794,758,737**
Liabilities of geographical segments	43,155,613,632	5,692,680,869	**48,848,294,501**	10,162,648	1,329,018,578	**50,187,475,727**
Unclassified liabilities	–	–	–	–	–	**44,166,721**
Total liabilities	**43,155,613,632**	**5,692,680,869**	**48,848,294,501**	**10,162,648**	**1,329,018,578**	**50,231,642,448**
Other items of geographical segments						
Depreciations	(55,666,192)	(6,089,264)	**(61,755,456)**	–	–	**(61,755,456)**
Impairment and effect of other provisions on the statement of income	(108,348,399)	(43,366,862)	**(151,715,261)**	–	–	**(151,715,261)**

6. Net interest income

Interest income on loans and similar income:

Loans and advances:

	2018	2017
- To banks		5,495,603
- To customers	4,855,095,601	4,483,419,640
	4,855,095,601	**4,488,915,243**
Treasury bills	2,135,574,786	1,497,078,676
Deposits and current accounts with bank	622,526,819	827,077,769
Investments in debt instruments held to maturity and available for sale	38,625,231	23,402,928
Assumed financial instruments and purchases of financial instruments with a commitment of resale	-	4,392,299
Others	–	1,069,891
Total	**7,651,822,437**	**6,841,936,806**

Deposits' cost and similar costs:

Deposits and current accounts:

	2018	2017
- To banks	(11,870,800)	(101,905,076)
- To customers	(5,192,563,087)	(4,756,351,878)
	(5,204,433,887)	**(4,858,256,954)**
Other loans	(64,795,854)	(80,280,578)
Others	(16,126)	-
Total	**(5,269,245,867)**	**(4,938,537,532)**
Net	**2,382,576,570**	**1,903,399,274**

7. Net fees and commission income

Fees and commission income:	2018	2017
Fees and commissions related to credit	349,372,756	359,774,581
Fees related to corporate financing services	39,900,927	21,853,823
Custody fees	8,716,570	8,212,613
Other fees	168,562,789	122,497,286
Total	**566,553,042**	**512,338,303**
Fees and commission expenses		
Brokerage fees paid	(1,892,179)	(1,768,551)
Other fees paid	(21,101,396)	(28,216,355)
Total	**(22,993,575)**	**(29,984,906)**
Net income from fees and commissions	**543,559,467**	**482,353,397**

8. Net trading income

	2018	2017
Profit of selling debt instruments held for trading	1,285,382	1,258,834
	1,285,382	**1,258,834**

9. Administrative expenses

	2018	2017
Staff cost		
Salaries and wages	(378,126,679)	(351,221,203)
Social insurance	(15,346,681)	(13,061,136)
Total staff costs	**(393,473,360)**	**(364,282,339)**
Depreciation and amortisation	(106,080,732)	(83,747,399)
Other administrative expenses	(401,222,976)	(370,372,709)
Total	**(900,777,068)**	**(818,402,449)**

10. Other operating (expenses) income

	2018	2017
Gain / loss on evaluation of monetary assets and liabilities denominated in foreign currencies other than those held for trading or initially designated at fair value through profit or loss	86,325,456	(2,312,832)
Profit on sale of property and equipment	93,000	20,000
Rentals	(63,099,503)	(65,510,657)
Other provisions charge (Note 27)	(78,799,894)	(2,053,145)
Other income	1,012,104	1,257,296
	(54,468,837)	**(68,599,338)**

11. Impairment charges on credit losses

	2018	2017
Loans and advances to customers	(278,618,379)	(178,301,171)
	(278,618,379)	**(178,301,171)**

12. Income taxes expenses

	2018	2017
Current tax	425,902,181	423,726,611
Deferred tax	7,732,641	(118,555,835)
Total	**433,634,822**	**305,170,776**

Note 28 shows additional information about deferred income tax. Income tax on the Bank›s profits differs from the value that will result from applying the applicable tax rates as follows:

	2018	2017
Accounting profit before tax	1,701,021,275	1,326,048,462
Income tax calculated at 22,5%	382,729,787	298,360,904
Non deductible expenses	27,357,548	7,131,375
Non-taxable income	(4,010,508)	(394,901)
Increase in tax calculated on interest of treasury bills and bonds	27,448,647	-
Tax on dividends and capital profits	109,348	73,398
Total tax	**433,634,822**	**305,170,776**
Actual tax rate	**25,49%**	**23,01%**

13. Earnings per share

Basic earnings per share

	2018	2017
Net profits for the year after deducting general banking risk reserve	1,299,707,639	1,125,629,183
Employees' share of profit	(123,634,297)	(107,458,630)
Weighted average number of shares	34,700,000	34,700,000
Net earnings per share for the year	**33,89**	**29,34**

14. Cash and balances with the Central Bank of Egypt

	2018	2017
Cash	556,982,610	767,630,782
Balances with CBE within the mandatory reserve ratio	2,298,357,635	3,128,167,111
Total	**2,855,340,245**	**3,895,797,893**
Non-interest bearing balances	2,855,340,245	3,895,797,893
Total	**2,855,340,245**	**3,895,797,893**

15. Due from banks

	2018	2017
Current accounts	335,667,602	353,344,099
Deposits	11,794,231,439	5,431,850,663
Total	**12,129,899,041**	**5,785,194,762**
Balances with the CBE other than those under mandatory reserve ratio	8,819,667,939	2,626,956,513
Local banks	668,578,092	643,286,977
External banks	2,641,653,010	2,514,951,272
Total	**12,129,899,041**	**5,785,194,762**
Non-interest bearing balances	10,136,526	353,344,099
Fixed interest balances	**12,119,762,515**	5,431,850,663
Total	**12,129,899,041**	**5,785,194,762**
Current balances	**10,877,756,315**	**4,614,510,638**
Non-current balances	**1,252,142,726**	**1,170,684,124**
Total	**12,129,899,041**	**5,785,194,762**

16. Treasury bills and other government securities

	2018	2017
Treasury bills (net)	12,289,402,651	6,305,364,876
Treasury bills represent:		

	2018	2017
Treasury bills 91 days maturity	**16,425,000**	**300,000**
Treasury bills 182 days maturity	1,645,775,000	827,625,000
Treasury bills 273 days maturity	5,174,275,000	2,977,225,000
Treasury bills 364 days maturity	6,745,575,000	3,137,650,000
Less: Unearned interest	(1,277,622,349)	(637,435,124)
Treasury bills	12,304,427,651	6,305,364,876
Treasury bills sold with repurchase commitment	(15,025,000)	-
Net	**12,289,402,651**	**6,305,364,876**

17. Loans and advances to customers

Retail:	2018	2017
Overdrafts	737,031,658	612,566,500
Credit cards	**626,086,847**	**591,597,313**
Personal loans	4,732,310,901	4,046,217,140
Real estate loans	213,181,471	232,238,908
Total	6,308,610,877	5,482,619,861
Corporates, including small loans to economic activities:		
Overdrafts	13,653,986,868	11,934,572,515
Direct loans	5,267,514,550	5,780,057,945
Syndicated loans	**6,608,122,993**	**6,325,176,336**
Other loans	324,189,596	639,798,440
Total	**25,853,814,007**	**24,679,605,236**
Total loans and advances to customers Less:	**32,162,424,884**	**30,162,225,097**
Provision for impairment losses	(980,487,617)	(765,937,513)
Net balance, distributed as follows:	**31,181,937,267**	**29,396,287,584**
Current balances	19,707,902,566	17,666,008,973
Non-current balances	11,474,034,701	11,730,278,611
	31,181,937,267	**29,396,287,584**

During the financial year ended 31 December 2018, the Bank accepted current securities with a fair value of EGP 1,382,273.909 compared to EGP 3,432,558,279 at the comparative date as collateral to commercial loans.

Provision for impairment losses

The provision for impairment losses movement for loans and advances to customers classified according to their types is as follows:

	31 December 2018				
Retail:	Credit cards	Personal loans	Overdrafts	Real estate loans	Total
Balance at 1 January 2018	5,829,258	30,906,226	6,736,682	153,200	43,625,364
Impairment charges during the year	12,935,292	25,261,955	7,055,937	127,219	45,380,403
Amounts written-off during the year	(18,904,709)	(32,456,318)	-	-	(51,361,027)
Recoveries during year	9,341,502	7,026,275	-	-	16,367,777
Foreign exchange translation differences	–	–	2,534	-	2,534
Balance at 31 December 2018	**9,201,341**	**30,738,138**	**13,795,153**	**280,419**	**54,015,051**

Loans and advances to customers (continued)

Corporates:	Overdrafts	Direct loans	Syndicated loans	Other loans	Total
Balance at 1 January 2018	203,661,637	383,023,951	128,752,874	6,873,687	**722,312,149**
Impairment charges during the year	118,418,169	125,459,632	(14,025,295)	3,385,470	**233,237,976**
Amounts written-off during the year	(2,026,257)	(1,058,155)	(28,756,091)	-	**(31,840,503)**
Recoveries during year	3,065,563	-	–	-	**3,065,563**
Foreign exchange translation differences	(61,930)	(53,188)	(187,501)	-	**(302,619)**
Balance at 31 December 2018	**323,057,182**	**507,372,240**	**85,783,987**	**10,259,157**	**926,472,566**

Impairment losses provision of corporate is represent provision of groups with similar credit characteristic EGP 366,051,840 and EGP 560,420,726 for individual provision.

Impairment loss provision of retail is represented in a provision for groups with similar credit characteristics of EGP 21,715,095 and an amount of EGP 32,299,956 for individual provision.

	31 December 2017				
Retail:	**Credit cards**	**Personal loans**	**Overdrafts**	**Real estate loans**	**Total**
Balances at 1 January 2017	**9,687,239**	**27,503,486**	**4,860,282**	**73,445**	**42,124,452**
Impairment charges during the year	11,454,410	21,647,183	7,123,452	79,756	**40,304,801**
Amounts written-off during the year	(20,705,373)	(24,431,306)	(5,204,624)	–	**(50,341,303)**
Recoveries during the year	5,392,982	6,186,864	–	–	**11,579,846**
Foreign exchange translation differences	**–**	**–**	(42,432)	–	**(42,432)**
Balance at 31 December 2017	**5,829,258**	**30,906,227**	**6,736,678**	**153,201**	**43,625,364**

	31 December 2017				
Corporates:	**Overdrafts**	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
Balances at 1 January 2017	282,925,091	153,451,786	139,257,800	9,074,613	**584,709,290**
(Reversal) charge of impairment during the year	(82,928,162)	230,415,039	(7,289,581)	(2,200,926)	**137,996,370**
Foreign currency revaluation differences	3,664,710	(842,872)	(3,215,349)	–	**(393,511)**
Balance at 31 December 2017	**203,661,639**	**383,023,953**	**128,752,870**	**6,873,687**	**722,312,149**

Impairment loss provision for corporates is represented in a provision for groups with similar credit characteristics of EGP 411,364,135 and an amount of EGP 310,948,014 for individual provision.

Impairment loss provision for retail is represented in a provision for groups with similar credit characteristics of EGP 14,408,761 and an amount of EGP 33,492,992 for individual provision.

18. Financial derivatives instruments

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

- Currency forwards contract represent commitments to purchase foreign and domestic currency, including undelivered spot transactions. Future foreign currency exchange contracts and/or interest rates are contractual obligations to receive or pay a net amount based on changes in currency rates, interest rates and/or to buy or sell foreign currency or a financial instrument on a future date at a specified price, established in an active financial market. Credit risk at the Bank is considered low. Future interest rate agreements represent future exchange rate contracts negotiated on a case-by-case basis. These agreements require financial settlements on a future date for the difference between the con tractual interest rate and the interest rate prevail ing in the market on the basis of an agreed contractual amount/ nominal value.
- Currency and/or interest rate swap contracts are commitments to exchange one set of cash flows for another. These contracts result in the exchange of currencies or interest rates (i.e. fixed rate for float ing rate) or a combination of all these (i.e. Interest and currency swap contracts). Actual exchange of contractual amounts is not done unless in some currency swap contracts.
  The Bank's credit risk is represented in the potential cost to replace the swap contracts if counterparties fail to fulfil their obligations. This risk is monitored on an ongoing basis by comparison with the fair value a percentage of the contractual amount. To control an existing credit risk, the Bank assesses coun - terparties using the same techniques used for lend ing activities.
- Foreign currency/ interest rates option contracts rep - resent contractual arrangements in which the seller (issuer) grants the buyer (holder), the right not the obligation, either to buy (buy option) or to sell (sell option) at a certain date or within a certain period by a certain amount of foreign currency or a financial instrument at a predefined price. The vendor receives a commission from the buyer in return for accepting the risk of the foreign currency or the interest rate. Option contracts are either traded in the market or negotiable between the Bank and one of its custom ers (off the counter). The Bank is exposed to credit risk for the purchased option contracts only within its book value which represents its fair value.
- The contractual amounts of certain types of financial instruments are used as a basis for comparison with financial instruments recognised in the financial posi - tion but do not necessarily indicate the amounts of future cash flows or the current fair value of the instruments and therefore, do not indicate the Bank's exposure to credit or price risks.
- Derivatives in favour of the Bank become (assets), otherwise they become (liabilities) as a result of fluctuations in foreign exchange rates or inter est rates related to them. The aggregate contractual or notional amounts of the existing financial derivative instruments, the duration to which the instruments are favourable or unfavourable to the Bank, and the aggregate fair value of financial assets and liabilities from financial derivatives can fluctuate significantly from time to time. The table below represents the fair values of held financial derivatives:

	Fair values At 31 December 2018			Fair values At 31 December 2017		
Derivatives held for trading (over the counter)	**Contractual/ default amount of assets (liabilities)**	**Assets**	**(Liabilities)**	**Contractu-al/ default amount of assets (liabilities)**	**Assets**	**(Liabilities)**
Forward foreign exchange contracts	210,992,371	938,982	691,854	592,814,524	1,616,750	4,582,993
Total derivatives (over the counter)	210,992,371	938,982	691,854	592,814,524	1,616,750	4,582,993
Current balances	**210,992,371**	**938,982**	**691,854**	**592,814,524**	**1,616,750**	**4,582,993**

19. Financial investments

19.A Held to maturity financial investments

	2018	2017
Unlisted debt instruments- at amortised cost	10,000,000	10,000,000
Listed debt instruments- at amortised cost	5,530,905,815	7,104,565,102
	5,540,905,815	**7,114,565,102**

19.B Financial investments -available for sale

Debt instruments	31 December 2018	31 December 2017
Listed -at fair value	2,051,613,372	1,015,216,729
Unlisted -at amortised cost	5,790,477	5,053,021
Equity instruments:		
Unlisted -at cost	7,793,528	5,837,470
Total	**2,065,197,377**	**1,026,107,220**
Fixed interest debt instruments	7,582,519,187	8,119,781,832
Floating interest debt instruments	15,790,477	15,053,020
Total	**7,598,309,664**	**8,134,834,852**
Current balances	7,606,103,192	7,665,144,022
Non-current balances	-	475,528,300
Total	**7,606,103,192**	**8,140,672,322**

The movement of the financial investments is as follows:

31 December 2018	Available for sale financial investments	Held-to-maturity investments	Total
Balance at the beginning of the year	1,026,107,220	7,114,565,102	8,140,672,322
Additions during the year	1,343,659,389	-	1,343,659,389
Disposals (maturity/ recovery)	(273,023,025)	(1,628,844,000)	(1,901,867,025)
Valuation of monetary assets and liabilities denominated in foreign currencies	11,086,025	-	11,086,025
Change in fair value	(42,419,460)	-	(42,419,460)
Amortisation of fair value reserve of financial investments held to maturity	-	49,549,180	49,549,180
Amortisation (discount) of share premium	(212,772)	5,635,533	5,422,761
Balance, end of the year	**2,065,197,377**	**5,540,905,815**	**7,606,103,192**

Financial investments (continued)

31 December 2017	Available-for-sale investments	Held to maturity investments	Total
Balance at the beginning of the year	785,769,827	7,039,421,228	**7,825,191,055**
Additions during the year	1,131,243,981	–	**1,131,243,981**
Disposals (maturity/ recovery)	(872,961,012)	–	**(872,961,012)**
Valuation of monetary assets and liabilities denominated in foreign currencies	(10,829,029)	–	**(10,829,029)**
Change in fair value	(2,927,700)	–	**(2,927,700)**
Amortisation of fair value reserve of financial investments held to maturity	-	71,428,837	**71,428,837**
Amortisation (discount) of share premium	(4,188,847)	3,715,037	**(473,810)**
Balance, end of the year	**1,026,107,220**	**7,114,565,102**	**8,140,672,322**

		2018	2017
Gain on financial investments	–	–	–
(Losses) gains on sale of available-for-sale financial investments	–	–	(2,382,124)
Gains (losses) on sale of available for sale equity instruments	–	–	720,865
Gains on sale of treasury bills		6,321,279	5,234,287
Total		**6,321,279**	**3,573,028**

20. Intangible assets

Computer software	2018	2017
Net book value at the beginning of the period/ year	265,186,339	56,114,684
Additions	37,551,298	230,862,873
Amortisation	(39,922,625)	(21,791,218)
Net book value at the end of the period/ year	**262,815,012**	**265,186,339**

21. Other assets	2018	2017
Accrued revenues	560,178,978	501,610,600
Prepaid expenses	53,911,245	42,726,021
Advance payments for purchase of fixed assets	686,686,562	702,114,912
Insurance and custody	5,038,652	4,738,308
Assets reverted to the Bank in settlement of debts	2,875,600	2,875,600
Others	75,388,177	59,069,838
Total	**1,384,079,214**	**1,313,135,279**

22. Fixed assets

	Land and buildings	Leased assets' improvements	Machineries and equipment	Other assets	Total
Cost at 1 January 2017	476,373,933	44,394,566	77,547,038	307,389,938	**905,705,475**
Accumulated depreciation	(51,479,600)	(27,402,716)	(36,579,337)	(162,432,930)	**(277,894,583)**
Net book value at 1 Jan 2017	**424,894,333**	**16,991,850**	**40,967,701**	**144,957,008**	**627,810,892**
Additions during the year	43,377,970	723,545	5,556,271	76,045,435	**125,703,221**
Disposal during the year	–	–	(440,000)	–	**(440,000)**
Depreciation during the year	(12,267,917)	(4,521,275)	(8,366,788)	(36,800,201)	**(61,956,181)**
Accumulated depreciation for the disposals during the year	–	–	385,000	–	**385,000**
Net book value as at 31 December 2017	**456,004,386**	**13,194,120**	**38,102,184**	**184,202,242**	**691,502,932**

	Land and buildings	Leased assets' improvements	Machineries and equipment	Other assets	Total
Cost at 1 January 2018	**519,751,903**	**45,118,111**	**82,663,309**	**383,435,373**	**1,030,968,696**
Accumulated depreciation	(63,747,517)	(31,923,991)	(44,561,125)	(199,233,131)	**(339,465,764)**
Net book value at 1 January 2018	456,004,386	13,194,120	38,102,184	184,202,242	**691,502,932**
Additions during the period	24,697,740	–	5,750,218	34,598,670	**65,046,628**
Disposals	–	–	–	(22,731)	**(22,731)**
Adjustment	–	(1,151)	-	–	**(1,151)**
Depreciations during the period	(13,193,368)	(4,326,718)	(8,456,178)	(40,181,843)	**(66,158,107)**
Accumulated depreciation of disposals	–	–	–	22,731	**22,731**
Net book value at 31 December 2018	467,508,758	8,866,251	35,396,224	178,619,069	**690,390,302**
Cost at 31 December 2018	544,449,643	45,116,960	88,413,527	418,011,312	**1,095,991,442**
Accumulated depreciation	(76,940,885)	(36,250,709)	(53,017,303)	(239,392,243)	**(405,601,140)**
Net book value at 31 December 2018	467,508,758	8,866,251	35,396,224	178,619,069	**690,390,302**

Fixed assets (after depreciation) include EGP 156 million at 31 December 2018 (compared to EGP 221 million at 31 December 2017), which represents the assets that have not been registered in the Bank›s name yet. Legal procedures are currently being undertaken to register those assets.

23. Due to banks

	2018	2017
Deposits	-	250,000,000
Current accounts	36,564,755	94,741,675
Total	**36,564,755**	**344,741,675**
Local banks	-	250,000,411
External banks	36,564,755	94,741,264
Total	**36,564,755**	**344,741,675**
Fixed interest balances	36,564,755	250,000,000
Non-interest bearing balances		94,741,675
Current balances	36,564,755	344,741,675
Non-current balances	–	–
Total	**36,564,755**	**344,741,675**
Current balances	**36,564,755**	**344,741,675**

24. Customers' deposits

	2018	2017
Demand deposits	17,814,302,493	11,279,469,012
Time and call deposits	26,334,639,101	24,275,415,299
Certificates of saving and deposit	10,422,423,941	7,971,951,729
Saving deposits	3,167,563,874	2,808,817,929
Other deposits	1,410,090,645	1,037,732,960
Total	**59,149,020,054**	**47,373,386,929**
Corporate deposits	35,246,658,970	28,561,145,812
Retail deposits	23,902,361,084	18,812,241,117
Total	**59,149,020,054**	**47,373,386,929**
Non-interest bearing balances	5,832,808,299	4,263,155,704
Variable interest bearing balances	17,522,277,713	10,869,587,860
Fixed interest balances	35,793,934,042	32,240,643,365
Total	**59,149,020,054**	**47,373,386,929**
Current balances	51,884,659,185	38,708,988,905
Non-current balances	7,264,360,869	8,664,398,024
Total	**59,149,020,054**	**47,373,386,929**

25. Other loans

	Interest rate	2018	2017
Subordinate loan of Bank Audi Lebanon (S.A.L) for an amount of USD 60 million matures in December 2025.	LIBOR 3 months + 3%	1,074,816,000	1,063,662,000
European Bank loan (USD10 million), with the last instalment date due in January 2022	LIBOR 6 months + 3%	149,280,000	177,277,000
Total other loans		**1,224,096,000**	**1,240,939,000**
Non-current balances		**1,224,096,000**	**1,240,939,000**

26. Other liabilities

	2018	2017
Accrued interest	318,470,364	356,608,470
Advance revenue	43,904,823	53,151,808
Accrued expenses	61,938,081	40,899,724
Other Credit Balances	221,428,504	223,222,796
Total	**645,741,772**	**673,882,798**

27. Other provisions

31 December 2018

	Provision for Possible claims	Provision for Legal Cases	Provision of contingent liabilities**	Total
Balance at the beginning of the year	50,977,703	831,978	44,866,422	**96,676,103**
Provided during the period (Note 10)	39,876,407	219,617	38,810,281	**78,906,305**
Reversed (utilised) during the year	750,000	(395,902)	-	**354,098**
Provisions no longer required/ reversal of impairment	-	(106,411)	-	**(106,411)**
Currency valuation differences	204	-	128,570	**128,774**
Balance at the end of the year	**91,604,314**	**549,282**	**83,805,273**	**175,958,869**

** Provision for contingent liabilities of EGP 28,835,754 allocated on an individual basis and EGP 54,969,519 for groups with similar credit characteristics.

Other provisions (continued)

31 December 2017

	Provision for Possible claims	Provision for Legal Cases	Provision for contingent liabilities**	Total
Balance at the beginning of the year	71,667,575	601,499	27,623,401	**99,892,475**
Provision formed during the year (Note 10)	–	371,319	17,547,081	**17,918,400**
Used during the year	(4,824,617)	(140,840)	–	**(4,965,457)**
Provisions no longer required (Note 10)	(15,865,255)	–	–	**(15,865,255)**
Currency valuation differences	–	–	(304,060)	**(304,060)**
Balance at the end of the year	**50,977,703**	**831,978**	**44,866,422**	**96,676,103**

** Provision for contingent liabilities of EGP 699,703 is allocated on individual basis and a provision of EGP 44,166,719 for groups with similar credit characteristics.

28. Deferred tax liabilities

Deferred tax was calculated on all temporary tax differences using the liabilities method and using the effective tax rate 22,5% for the current financial year.

Deferred tax assets resulting from carried forward tax losses are not recognised unless it is probable that there are future tax profits to utilise the carried forward tax losses.

Offset between deferred tax assets and deferred tax liabilities is done if there is a legal reason to offset the current assets tax and against the current liabilities tax, and when the deferred income taxes belong to the same tax department.

Deferred tax assets and liabilities

Below is the movement of deferred tax assets and liabilities:

Deferred tax assets and liabilities balances:

	Deferred tax assets		Deferred tax liabilities	
	2018	2017	2018	2017
Fixed assets	-	–	(80,522,676)	**(66,819,860)**
Provisions (excluding provision for loans impairment losses)	23,125,338	13,390,689	–	–
Gains on revaluation of assets and liabilities of monetary foreign currencies	-	–	–	–
Capital valuation differences	-	–	(206,215,875)	**(202,451,400)**
Total tax arising from an asset (liability)	23,125,338	13,390,689	**(286,738,551)**	**(269,271,260)**
Net tax resulting in an obligation	–	–	**(263,613,213)**	**(255,880,571)**

Movement of deferred tax assets and liabilities

Movement of deferred tax assets and liabilities:

	Deferred tax assets		Deferred tax liabilities	
	2018	**2017**	**2018**	**2017**
Balance at beginning of the year	13,390,689	9,013,276	(269,271,260)	**(383,449,683)**
Tax recognised in the statement of income	9,734,649	4,377,413	(17,467,291)	**114,178,423**
Tax recognised in equity	–	–	–	–
Balance at the end of the year	**23,125,338**	**13,390,689**	**(286,738,551)**	**(269,271,260)**

29. Share capital

The authorised, issued and paid-up capital at 23 October 2012 amounted to USD 235 million equivalent to the amount of EGP 1,337,024,865, divided among 23,500,000 shares, the value of each share is USD 10 and all the issued shares were paid in full.

On 23 April 2013, the Extraordinary General Assembly approved to increase the authorised and issued capital by an amount of USD 30 million equivalent to the amount EGP 206,334,000. Shareholders paid such increase in cash, so the authorised and issued capital amounted USD 265 million, equivalent to the amount of EGP1,543,358,865, divided into 26,500,000 shares, the value of each share is USD 10 and all the issued shares were paid in full. On 21 November 2013, the capital increase was registered in the commercial register.

On 20 March 2014, the Extraordinary General Assembly approved to increase the authorised and issued capital by an amount of USD 42 million equivalent to the amount EGP 299,884,200, which was from the shareholders' share of dividends for the year 2013 amounting to EGP 317 million. The authorised and issued capital amounted USD 307 million, equivalent to the amount of EGP 1,843,243,065 divided into 30,700,000 shares, the value of each share is USD 10 and all the issued shares were paid in full. On 25 September 2014, the capital increase was registered in the commercial register.

On 14 December 2015, the Bank's Extraordinary General Assembly approved to increase the authorised and issued capital by an amount of USD 40 million that is paid directly by the shareholders. The authorised and issued capital amounted USD 347 million, divided into 34,700,000 shares; the value of each share is USD 10 equivalent to LE 2,152,447,065. On May 30 2016, the capital increase was registered in the commercial register.

The shareholders› structure is as follows:

Name of shareholder	Number of Shares	Nominal value in USD	Payment currency
Bank Audi «S.A.L.» Lebanon	34,699,998	346,999,980	**USD**
Bank Audi for Private Services "S.A.L." -Lebanon	1	**10**	**USD**
Bank Audi Businesses "S.A.L" Lebanon	1	**10**	**USD**
Total	**34,700,000**	**347,000,000**	**USD**

30. Reserves and retained earnings

Reserves	2018	2017
Special reserve	81,099,789	81,099,789
General banking risk reserve during the year	123,688,632	156,102,816
Legal reserve	247,015,371	195,972,487
Capital reserve	667,436	647,436
Fair value reserve - available for sale investments	(41,456,623)	962,839
Fair value reserve- financial investments transferred to held to maturity	(85,660,820)	(135,210,000)
IFRS9 reserve	336,022,770	336,022,770
Total reserves at the end of the period/ year	**661,376,555**	**635,598,137**

Reserves movements are as follows:

A- Special reserve	2018	2017
Balance at the beginning of the year	81,099,789	81,099,789
Balance at the end of the period/ year	**81,099,789**	**81,099,789**

In accordance with CBE's rules relating to the preparation and presentation of financial statements and measurement and recognition bases approved by its Board of Directors on 16 December 2008, the method of measurement of the impairment of loans, facilities and other debt instruments has been changed , as a result ;the general provision for the loans and facilities has been deleted and replaced by total provisions include group of assets that bear credit risk and similar characteristics or individual provisions and the total increase in the current provisions has been formed on 1 January 2009 in accordance with the former basis of evaluation previously used in the provisions as per the new method to special reserve in owner's equity.

This reserve is not available for distribution unless approved by the Central Bank of Egypt.

B) General banking risk reserve	2018	2017
Beginning Balance of the year	156,102,816	260,874,317
Transfer to/ from retained earnings	(32,414,184)	(104,771,501)
Balance at the end of the year	**123,688,632**	**156,102,816**

This represents the difference between loans impairment provision calculated on the basis of credit worthiness and provisioning as issued by CBE, and the loan impairment provision charged to the financial statements after the initial recognition at the beginning of the first year of the application of the changes made to accounting policy.

The instructions of the CBE require that general banking risk reserve is made to hedge against unexpected risks.

This reserve is not available for distribution unless approved by the CBE.

In accordance with CBE's rules relating to the preparation and presentation of financial statements and measurement and recognition bases approved CBE's Board of Directors on 16 December 2008.

Reserves and retained earnings (continued)

C- Legal reserve	2018	2017
Beginning Balance of the year	195,972,487	101,809,690
Transferred from profits of the year	51,042,884	94,162,797
Balance at the end of the year	**247,015,371**	**195,972,487**

According to the local laws, 5% of net annual profit of the year should be transferred to a non-distributable statutory reserve until it reaches 50% of the issued capital.

D- Capital reserve	2018	2017
Beginning Balance of the year	647,436	585,267
Formed from the profit of the year	20,000	62,169
Balance at the end of the year	**667,436**	**647,436**

In accordance with the requirements and instructions of the CBE, capital reserves are capitalised on the sale of fixed assets before the distribution of profits.

E- Fair value reserve of available-for-sale financial investments	2018	2017
Beginning Balance of the year	962,839	3,890,539
Net losses on change in fair value	(42,419,462)	(2,927,700)
Balance at the end of the year	**(41,456,623)**	**962,839**

F- Fair value reserve - available-for-sale financial investments reclassified to held-to-maturity investments	2018	2017
Beginning Balance of the year	(135,210,000)	(206,638,837)
Amortisation of the reserve balance of available for sale treasury bills reclassified to held-to-maturity	49,549,180	71,428,837
Balance at the end of the year	**(85,660,820)**	**(135,210,000)**

G- Retained earnings	2018	2017
beginning Balance of the year	2,775,071,087	2,254,485,126
Net profit for the year	1,267,386,453	1,020,877,686
Employees' share of profit for 2017	(107,458,629)	(174,815,482)
Transferred to capital reserve	(20,000)	(62,169)
Transferred to general banking risk reserve	32,414,184	104,771,493
Transferred to legal reserve	(51,042,884)	(94,162,797)
IFRS9 reserve	-	(336,022,770)
Balance at the end of the period/ year	**3,916,350,211**	**2,775,071,087**

H- IFRS9 reserve	2018	2017
Balance at the beginning of the year	336,022,770	–
Formed from the profit of the year	-	336,022,770
Balance at the end of the year	**336,022,770**	**336,022,770**

The risk reserve of IFRS 9 is set at %1 of the total risk-weighted credit ratio as per the CBE›s instructions dated 28 January 2018 to support the Bank›s financial position to meet the expected increase in provisions due to the expected risk-taking approach taking into consideration the looking forward view of economic conditions.

31. Cash and cash equivalents

For the purpose of presenting the statement of cash flows, cash and cash equivalents include the following balances of maturity dates not exceeding three months from the date of acquisition.

	2018	2017
Cash and balances with the CBE other than mandatory reserve ratio	556,982,610	767,630,782
Cash at banks	9,504,699,828	4,138,238,249
Treasury bills and other government securities	16,070,318	294,846
Total	**10,077,752,756**	**4,906,163,877**

32. Contingent liabilities and commitments

A. Legal claims:

There is a number of outstanding lawsuits filed against the Bank at 31 December 2018. Provision for lawsuits amounted to EGP 549,282.

B. Capital Commitments:

The Bank›s contracts for capital commitments amounted to EGP 31 million at 31 December 2018 compared to EGP 259 million in the comparative date, represented in purchases of fixed assets. The management has sufficient confidence of realising net revenues and availability of funds to cover those commitments.

C. The Bank's commitments related to loans, guarantees, and advances are represented in the following:

	2018	2017
Commitments for loans and other irrevocable liabilities related to credit	381,829,982	550,249,516
Acceptances	593,928,418	233,750,126
Letters of guarantee	4,884,921,769	4,701,590,774
Letters of credit - import	277,547,702	268,705,323
Letters of credit - export	-	1,191,881
Total	**6,138,227,871**	**5,755,487,620**

33. Related parties transactions

The Parent Company is Bank Audi "SAL" (Lebanon) which owns 99,99999% of the ordinary shares. The remaining ratio (0,00001%) is owned by other shareholders. Transactions and balances of related parties at the end of the financial year ended 31 December 2018 are as follows:

Loans and advances from related parties	31 DECEMBER 2018 000' EGP	31 December 2017
Outstanding loans at the beginning of the year	1,063,662	3,835,965
Currency valuation differences	(11,154)	(32,328)
Loans paid during the year	-	(2,739,975)
Outstanding loans at the end of the year	**1,074,816**	**1,063,662**

Loans and advances granted from the Parent Company are non-secured, with variable interest rate and are recoverable at the end of contract:

Loans and advances to key management	31 DECEMBER 2018 000' EGP	31 December 2017
Outstanding loans at the beginning of the year	19,006	16,901
Loans issued during the year	16,097	14,588
Loans paid during the year	(8,727)	(12,483)
Outstanding loans at the end of the year	**26,376**	**19,006**

Deposits from key management **Due to customers**	31 DECEMBER 2018 000' EGP	31 December 2017 000' EGP
At the beginning of the year	19,096	25,472
Deposits placed during the year	18,484	8,296
Deposits repaid during the year	(12,678)	(10,602)
Currency valuation differences	(21)	(4,070)
Deposits at the end of the year	24,881	19,096
Cost of similar deposits and costs	**2,264**	**1,469**

Other transactions with related parties	31 DECEMBER 2018 000' EGP	31 December 2017
Bank balances	238,117	214,376
Due to banks	36,045	94,760
Accepted guarantees	921,410	650,687

Benefits to the Board and key management	31 DECEMBER 2018 000' EGP	31 December 2017
Salaries and short- term benefits		
Bank balances	4,630	3,145

The monthly average of payments received by the Bank's 20 employees of the biggest bonuses and salaries in aggregate, amounted to EGP 5,566,627 for the financial year ended 31 December 2018 compared to the amount of EGP 4,379,043 for the financial year ended 31 December 2017.

34. Tax position

Corporate Income tax

- Final settlement was made up to 2012.
- Years 2013 and 2014 were inspected. Objection was made to the result of inspection and the file is transferred to the appeal committee to study the points of conflict. The committee was held and the Bank filed its documents and is waiting for the committee's decision.
- 2015 was examined, and form (19) was issued. Objection was filed against the result of the inspection and the Bank asked to refer the file to the internal committee, and waiting for the date of the appointment.
- 2016 is still under inspection, and analyses and documents of 2017 are being prepared.

Tax on earnings

- Final settlement was made up to 2012.
- 2013 was inspected and objection to the results was filed. The Bank asked to refer the file to the internal committee.
- 2014 is under inspection.

Stamp duty tax

- Fin al settlement was made up to 2002.
- Periods from January 1, 2003 to July 31, 2006 were in spected. Objection was made to the result of inspection and the file is transferred to the appeal committee to study the points of conflict. The Bank filed a request for dispute resolution to the competent committees and is waiting for the decisions of the committees.
- Periods from 1 August 2006 to 31 December 2015 were inspected, and all due taxes were settled.
- 2016 is being inspected.

35. Mutual funds

Mutual funds

The mutual fund is one of the licensed activities of the Bank by the virtue of the provisions of Capital Market law no.95 for the year 1992 and its executive regulations.

(a) Bank Audi Monetary Mutual fund in EGP (with Daily Cumulative Interest)

The Fund is managed by EFG -Hermes for the management of mutual funds. The Fund›s number of investment certificates reached 110 million certificates worth of EGP 1100 million, of which 500 thousand certificates were allocated to the Bank (the nominal value of which is EGP 5 million) to undertake the Fund's activities.
The Bank purchased 500 thousand certificates amounting to EGP 5 million, with a redeemable value of EGP 12,787,930 at 31 December 2018, and the redeemable value of the certificate is EGP 25,57586. The Fund›s outstanding certificates at the same date reached 9,767,857 certificates.
The CBE approved on 15 July 2014 to increase the Fund's size to 110 million certificates worth of EGP 1,100 million, and increase the Bank's contribution amount in the Fund to be EGP 22 million according to Article No. (150) of the Executive Regulations of Capital Market Authority No. 95 for the year 1992, which stipulates that «the maximum limit of money invested in the Fund shall not exceed fifty times its capital, which must not be less than EGP five million, paid in cash. The Bank's contribution at 31 December 2018 was 5,68% of the total certificates issued on that date.
Mutual funds (continued)

In accordance with the Fund's management contract and the subscription prospectus, Bank Audi receives fees and commissions against its supervision of the Fund and other administrative services it performs. The total commissions amounted to EGP 1,211,768 for the year ended 31 December 2018 included in fees and commissions/ other fees in the statement of income.

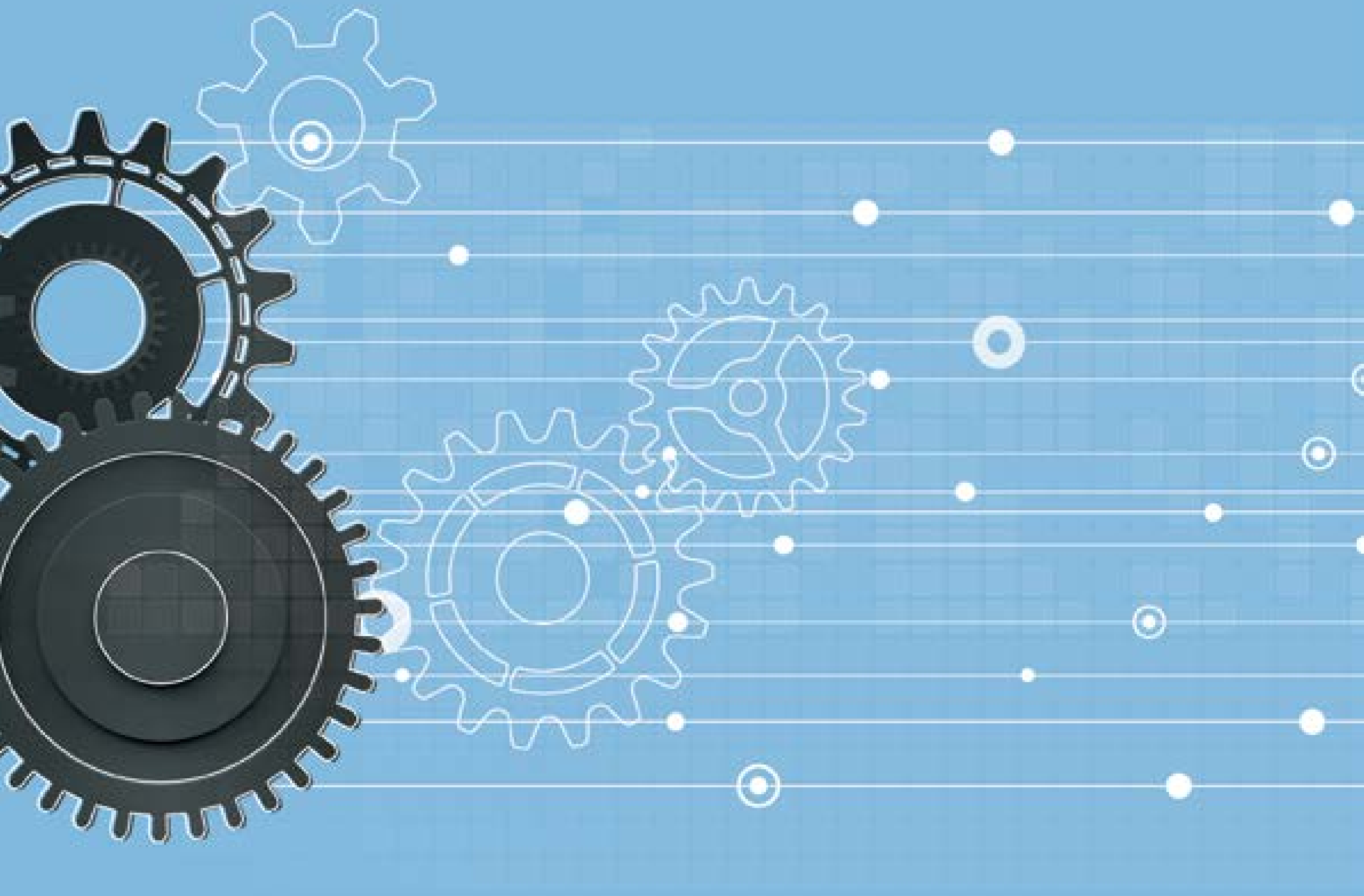
(b) Bank Audi Mutual Balanced Fund "Ezdehar" with cumulative dividends and variable periodic dividends in EGP

The Fund is managed by Acumen Co. for the establishment and management of the portfolios of securities and mutual funds. The Fund's number of investment certificates reached 250 thousand worth EGP 25 million, of which 50 thousand certificates were allocated to the Bank (the nominal value of EGP 5 million) to undertake the Fund's activities.

The Bank has purchased 50 thousand certificates amounting to EGP 5 million, with a redeemable value of EGP 9,952,855 at 31 December 2018, and the redeemable value of the certificate is EGP 199,0571 at 31 December 2018. The Fund's outstanding certificates at the same date reached 103,943 certificates.

In accordance with the Fund's management contract and the subscription prospectus, Bank Audi receives fees and commissions against its supervision of the Fund and other administrative services it performs. The total commissions amounted to EGP 108,514 for the year ended 31 December 2018 included in fees and commissions/ other fees in the statement of income.

05
OUR PEOPLE



Empowering People

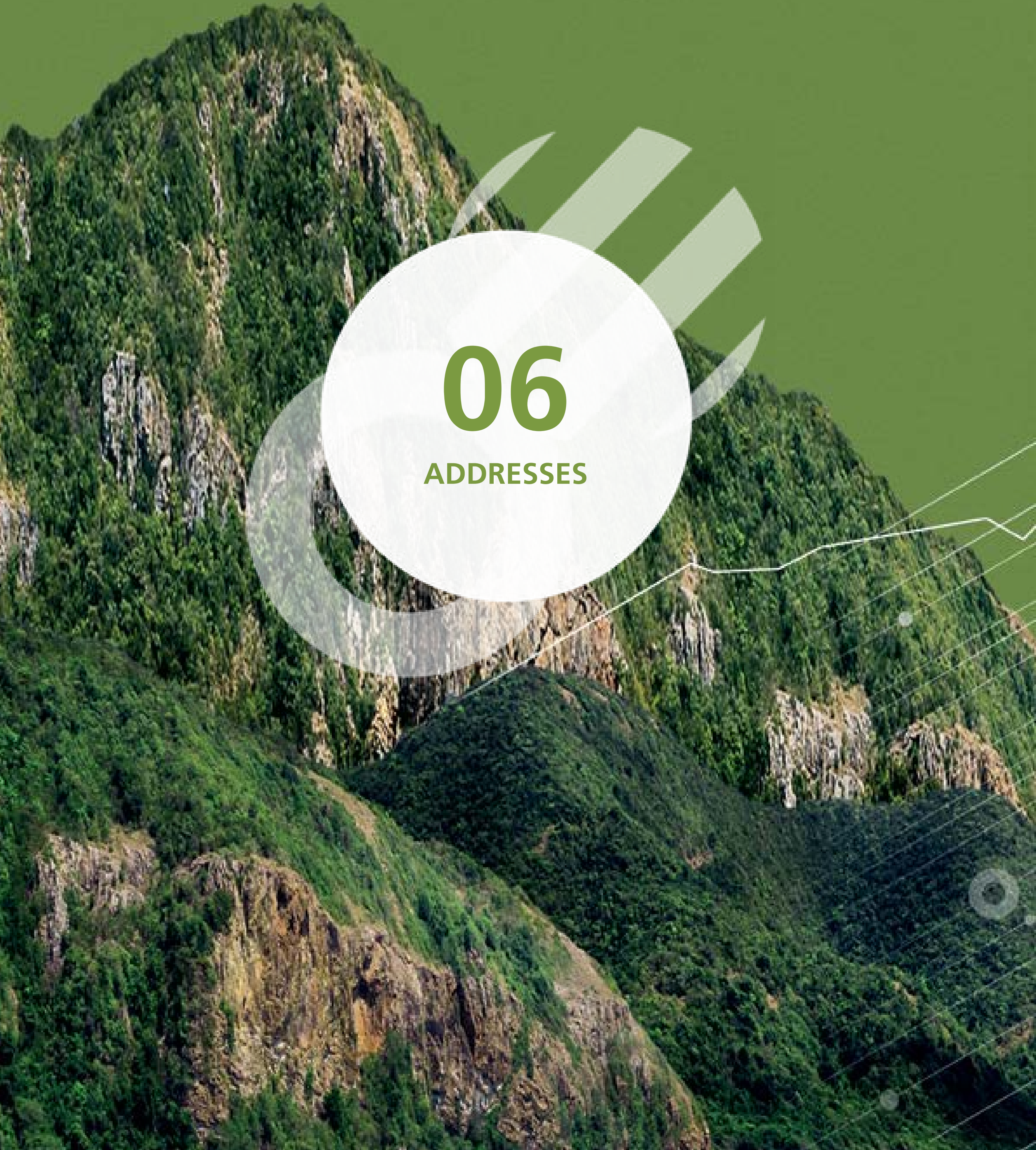
Our Internal Community is the backbone of our succsess. It is the building block of our entity

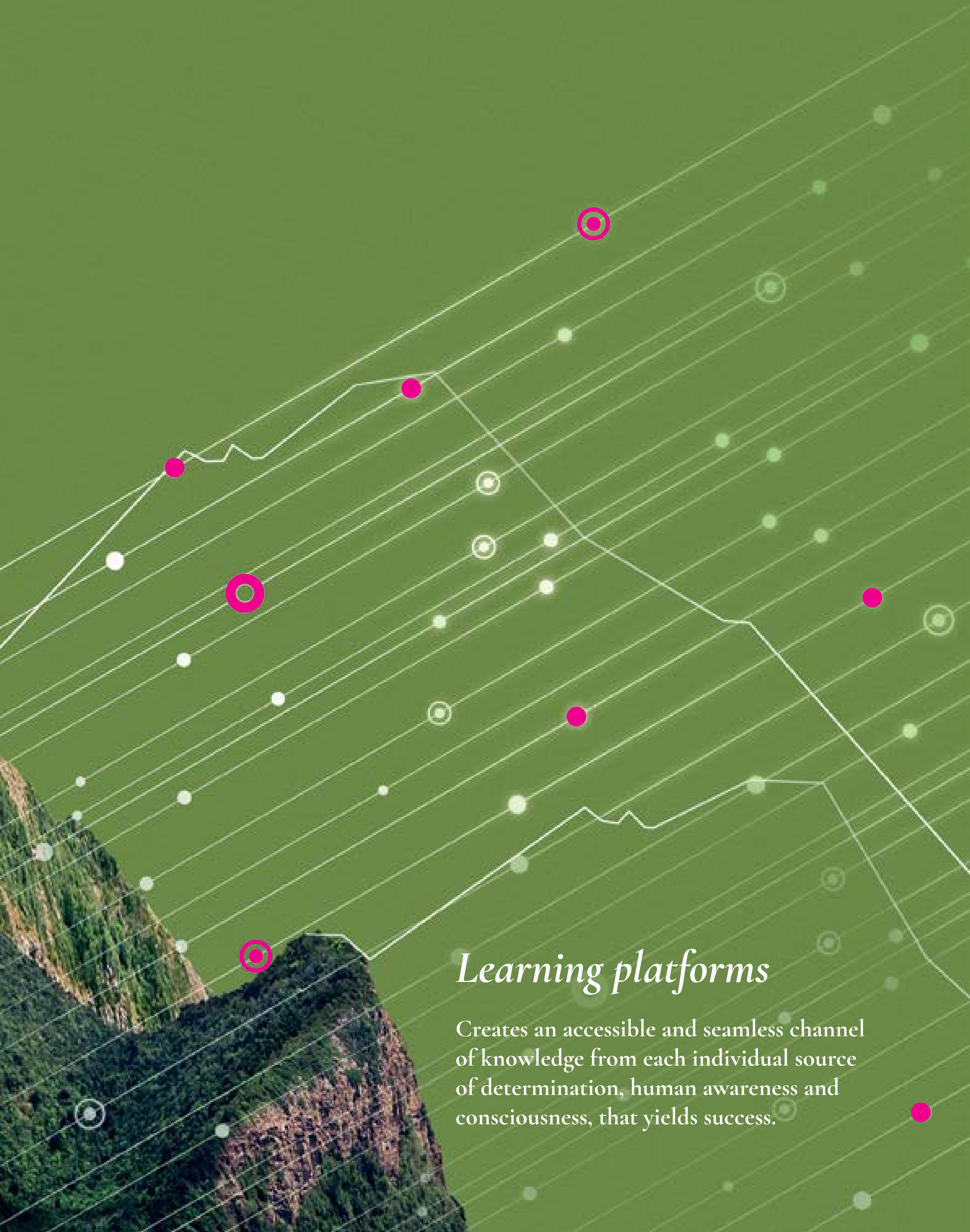
Mohamed M. Bedeir	CEO, Managing Director	Mohamed.Bedeir@banqueaudi.com
Mohamed R. Latif	Chief Institutional & Islamic Banking Officer	Mohamed.Latif@banqueaudi.com
Mohamed A. Shawky	Chief Financial Officer	Mohamed.Shawky@banqueaudi.com
Sherif M. Sabry	Chief Corporate Banking Officer	Sheirf.Sabry@banqueaudi.com
Karim F. Hosni	Chief Risk Officer	Karim.Hosni@banqueaudi.com
Hesham F. Ragab	Chief General Legal Council	Hesham.Ragab@banqueaudi.com
Maher M. Hamed	Chief Information Officer	Maher.Hamed@banqueaudi.com
Mohamed Labib Ahmed	Head of Governmental Entities & Public Sector Division	Mohamed.Ahmed@banqueaudi.com
Khaled A. Beshir	Head of Operations	Khaled.Beshir@banqueaudi.com
Ahmed M. Khalaf	Head of Treasury	Ahmed.Khallaf@banqueaudi.com
Bassel E. Kelada	Chief Operating officer	Bassel.Kelada@banqueaudi.com
Amr E. El Gueziry	Head of Internal Audit	Amr.El-gueziry@banqueaudi.com

Mohamed H. Selim	Head of HR	Muhammed.Selim@banqueaudi.com
Ahmed F. Ibrahim	BOD Secretary. Head of Strategic Support & PMO	Ahmed.Ibrahim@banqueaudi.com
Iman M. Badr	Head of Retail Banking	Iman.Badr@banqueaudi.com
Nevine S. El Mahdy	Head of Branches Network	Nevine.Elmahdy@banqueaudi.com
Sahar M. Fikry	Head of Financial Institutions	Sahar.Fikry@banqueaudi.com
Mohamed A. Hassan	Head of Islamic Banking	Mohamed.Hassan@banqueaudi.com
Khaled A. Hamza	Head of Marketing & Communications	Khaled.Hamza@banqueaudi.com
Mahmoud M. Aransho	Head of Capital Markets & Investments	Mahmoud.Aransho@banqueaudi.com
Asmaa M. Amara	Head of Service Excellence / MD Technical Office	Asmaa.Amara@banqueaudi.com
Tamer K. Abo El Naga	Head of Compliance	Tamer.Aboel-naga@banqueaudi.com
Refaat Zayed	Head of Retail Risk	Refaat.Zayed@bankaudi.com.eg
Moataz El Kasaby	Head of Operational Risk, Information Security and BCM	Moataz.El-Kasaby@bankaudi.com.eg

06

ADDRESSES





Learning platforms

Creates an accessible and seamless channel of knowledge from each individual source of determination, human awareness and consciousness, that yields success.

Branches' Locations by Governorate

Cairo Governorate	
Branch Name	**Abbass El-Akkad**
Address	70 Abbass El-Akkad Street, Nasr City
Tel	(20-2) 22708752
Fax	(20-2) 22708757
Branch Name	**Abbassia Branch**
Address	109 Abbassia Street
Tel	(20-2) 24664455
Fax	(20-2) 24664453
Branch Name	**Abd El-Khalek Tharwat Branch**
Address	42 Abd El-Khalek Tharwat Street, Downtown
Tel	(20-2) 23910638
Fax	(20-2) 22092779
Branch Name	**Beirut Branch**
Address	54 Demeshk Street, Heliopolis
Tel	(20-2) 24508633
Fax	(20-2) 24508653
Branch Name	**El-Manial Branch**
Address	90 El Manial Street
Tel	(20-2) 23629935-23629955
Fax	(20-2) 23630099
Branch Name	**El-Obour City Branch**
Address	Golf City, El-Obour City, Shops 43,44,45
Tel	(20-2) 46104325-46104323
Fax	(20-2) 46104324
Branch Name	**Garden City Branch**
Address	1 Aisha El Taymorya Street, Garden City
Tel	(20-2) 27928976-27928979
Fax	(20-2) 27928977
Branch Name	**Makram Ebeid Branch**
Address	1 Makram Ebeid Street, Nasr City
Tel	(20-2) 26731362
Fax	(20-2) 22726755
Branch Name	**Masaken Sheraton Branch**
Address	11 Khaled Ebn El Waleed Street, Masaken Sheraton
Tel	(20-2) 22683381
Fax	(20-2) 22683433

Cairo Governorate	
Branch Name	**Mokattam Branch**
Address	Plot # 6034; Street 9, Mokattam
Tel	(20-2) 25057040
Fax	(20-2) 25057566
Branch Name	**Nadi El-Shams Branch**
Address	17 Abdel Hamid Badawy Street
Tel	(20-2) 26210942
Fax	(20-2) 26210945
Branch Name	**Salah Salem Branch**
Address	Bldg. 15 Salah Salem Street, Heliopolis
Tel	(20-2) 24006400
Fax	(20-2) 22607168
Branch Name	**Shobra Branch**
Address	128 Shobra Street, Shobra
Tel	(20-2) 22092482
Fax	(20-2) 22075779
Branch Name	**Triumph Branch**
Address	No. 8, Plot 740, Othman Ibn Affan Street with Mohamed Adly Kafafi
Tel	(20-2) 27740055
Fax	(20-2) 27740549
Branch Name	**Degla Branch – Maadi**
Address	1-B 256 Street, Degla
Tel	(20-2) 25195238
Fax	(20-2) 25162017
Branch Name	**Maadi Branch**
Address	Plot ½ , 5 Taksim El-Laselky, New Maadi
Tel	(20-2) 25197901
Fax	(20-2) 25197921
Branch Name	**Zamalek Branch**
Address	1B Hassan Sabry Street, Zamalek
Tel	(20-2) 33337140
Fax	(20-2) 37483818
Branch Name	**Marghany Branch**
Address	100 Marghany Street, Heliopolis
Tel	(20-2) 24635765

Branch Name	**Tayaran Branch**
Address	40 El Tayaran Street, Nasr City
Tel	(20-2) 24048619
Branch Name	**Madinaty Branch**
Address	Block No. 6, Banking Area, Madinaty project, New Cairo
Branch Name	**Tagamoa El Khames Branch**
Address	Phase One, Waterway Compound, Block CFS4-CGS4 El Mostathmreen El Shamaleya, New Cairo

Giza Governorate	
Branch Name	**Dokki Branch - Main**
Address	104 El Nile Street, Dokki
Tel	(20-2) 33337137
Fax	(20-2) 37483818
Branch Name	**El Batal Ahmed Abdel Aziz**
Address	44 El Batal Ahmed Abdel Aziz Street, Mohandessin
Tel	(20-2) 33332000
Branch Name	**Haram Islamic Branch**
Address	42 El-Haram Street, El Haram
Tel	(20-2) 33865056
Fax	(20-2) 33865103
Branch Name	**Lebanon Branch**
Address	60 Lebanon Street (Lebanon Tower), Lebanon Square, Mohandessin
Tel	(2-02) 33319553
Fax	(2-02) 33026454
Branch Name	**Tahrir Street Branch**
Address	94 Tahrir Street, Dokki
Tel	(20-2) 33319500
Fax	(20-2) 37486310
Branch Name	**Pyramids Heights Branch**
Address	Pyramids Heights Office Park, Km 22 Cairo-Alexandria Desert Road
Tel	(20-2) 35343660
Fax	(20-2) 35362053
Branch Name	**Sixth of October Branch**
Address	Plot # 2/23 - Central District, Sixth of October
Tel	(2-02) 38353783
Fax	(20-2) 38353780

Branch Name	**Shooting Club Branch**
Address	13 Nadi El Seid Street
Tel	(20-2) 37486427
Fax	(20-2)37486546
Branch Name	**Mossadak Islamic Branch**
Address	56 Mossadak Street, Dokki
Tel	(20-2) 37603520
Fax	(20-2) 37480242
Branch Name	**El Sheikh Zayed Branch**
Address	B3, Capital Business Park, Units 101-102. ,El Sheikh Zayed
Tel	(202) 38653550 /2/3
Fax	(202) 38653551
Branch Name	**Tahrir Street Branch**
Address	94 Tahrir Street, Dokki
Tel	(20-2) 33319500
Fax	(20-2) 37486310
Branch Name	**Sixth of October Branch**
Address	Plot # 2/23 - Central District, Sixth of October
Tel	(2-02) 38353783
Fax	(20-2) 38353780

Alexandria Governorate	
Branch Name	**El Sultan Hussein Branch**
Address	38 El Sultan Hussein Street
Tel	(20-2) 4880500
Fax	(20-2) 37480242
Branch Name	**Gleem Branch**
Address	1 Mostafa Fahmy Street, Gleem
Tel	(20-3) 5816000
Fax	(20-3) 5825866
Branch Name	**Smouha Branch**
Address	35 (Repeated) Victor Emmanuel Square
Tel	(20-3) 4193728
Fax	(20-3) 4244510

Branch Name	**Alexandria Downtown Branch**
Address	Villa 1- Miroza Resort-Alexandria-Cairo Desert Road
Tel	(20-3) 3671300
Fax	(20-3) 3681377

Branch Name	**Miami Islamic Branch**
Address	379 Gamal Abdel Nasser Street, Miami
Tel	(20-3) 5505212

Branch Name	**San Stefano Branch**
Address	413, El-Geish Road, Loran
Tel	(20-3) 5817025
Fax	(20-2) 5859790

Daqahlia Governorate

Branch Name	**Mansoura Branch**
Address	26 Saad Zaghloul Street, Toreil
Tel	(20-50) 2281600
Fax	(20-50) 2309782

Gharbia Governorate

Branch Name	**Tanta Branch**
Address	Intersection of El-Geish Street & El-Nahda Street
Tel	(20-40) 3389637
Fax	(20-40) 3403100

Damietta Governorate

Branch Name	**Damietta Branch**
Address	49 Kornish El Nile –Damietta
Tel	(20-) 2367080

Red Sea Governorate

Branch Name	**El Gouna Branch**
Address	Service Area # Fba-12e, El Balad District
Tel	(20-65) 3580096
Fax	(20-65) 3580095

Branch Name	**Sheraton Road Branch - Hurghada**
Address	23 Taksim El Hadaba El Shamaleya, 167 Sheraton Road
Tel	(20-65) 3452020
Fax	(20-65) 3452015

South Sinai Governorate	
Branch Name	**Naema Bay Branch - Sharm El-Sheikh**
Address	207 Rabwet Khaleeg Naema
Tel	(20-69) 3604515
Fax	(20-69) 3604520

Call Centre 16555
ATMs' Locations by Governorate

Cairo Governorate	
Carrefour - Helwan	41 Rayeel street,Helwan, Cairo, Egypt
Al Ahram Newspaper	Al-Ahram Building, El-Galaa Street, Cairo
Spinneys - Maxim Mall	Piece 23 - El-Tagamoa El-Khames - Maxim Mall
Mansour Group	Zahraa El Maadi Industrial Area Mansour Group Management
Mokattam Branch	Plot # 6034, Street 9, Mukattam, Cairo
Wady Degla Club	Wadi Degla Club - Maadi
Spinneys - Mokattam	361 Street No.9 , Al-Mokattam
Abd-Kader Hospital	4 Street, Hassan Aflton nasr city
Makram Ebeid Branch 1	1 Makram Ebeid Street, Nasr City, Cairo
Makram Ebeid Branch 2	1 Makram Ebeid Street, Nasr City, Cairo
On The Run Al Tagamoaa Al Khames	Behind complex of court - El-Tagamoa El-Khames , New Cairo
Swan Lake Compound	Swan Lake - El-Tagamoa El-Khames (Club House)
Carrefour - El-Baroun Mall	Baroun Mall - Ring road - Maadi
Beirut Branch	54 Demeshk Street, Heliopolis, Cairo
Kheir Zaman Takaa	Plot no. 14, Block 6, Area 11, Nasr City
On The Run Roxy	72 El-Khalifa El-Maamoun Street, Heliopolis, Cairo
Fawary Down town	Sherif Street, Down Town
Fawary nasr city	10th District Nasr City Beside Sun Mall
Fawry Hadeeq helwan	Khalid Ibn Elwalid Street, Hadeeq Helwan
Shoubra Branch	128 Shoubra Street, Shoubra, Cairo
Nady El Shams Branch	17 Abdel Hamid Badawy Street, Heliopolis, Cairo
Masaken Sheraton Branch	11 Khaled Ibn El-Waleed Street, Masaken Sheraton, Cairo
On The Run Rehab City	Gate 13 - El-Rehab City
Mobil FBI	Autostrad Street
Mobil Way To Go Maadi	4 Street, 151 Maadi behind Sadat Academy
Degla Branch	-1B, 256 Street, Degla, Maadi, Cairo
Total Autostrad	Autostrad Road – Maadi Degla entrance
ExxonMobil Hassan El-Maamoun	6th Hassan EL Sherif (Hassan El Maamoun) Street, Nasr City, Cairo
Khair Zaman Magles el-Shaab	1 Street Magls El Dawla Downtown
Abbassia Branch	109 Abbassia Street, Cairo
General Company for Silos and Storage (Sawameh)	1 Sowah Square, Saray El Koba, Cairo
Exxon Mobil – Gesr El Suze	19 Beginning of Cairo-Ismailia Road in front of El-Herafieen City
Triumph Branch	No. 8, Plot 740, Othman Ibn Affan Street with Mohamed Adly Kafafi, Heliopolis
On The Run Al-Nozha	66 El-Nozha Street, Almaza, Cairo

Manial Branch	90 El Manial Street, Cairo
On the Run El Manial	59 El-Manial Street, Cairo
Cairo Festival City Mall	Cairo Festival City Mall, The Fifth Settlement
Tharwat Branch	42 Street Abdel Khalek Tharwat, Cairo
Salah Salem Branch	15 Salah Salem Street
Garden City Branch	1 Aisha El-Taymoria Street, Garden City – Cairo
New Maadi Branch	Nasr Street in front of Moamen
Total El-Lasilky	22 El Lasilki Street – New Maadi – beside Metro supermarket
Abass El-Akad Branch	Abass El-Akad, Nasr City
Zamalek Branch	Hasan Sabry Street, Zamalek
Merghany Branch	100 Merghay Street, Heliopolis
Tayaran Branch 2	40 Tayran Street, Nasr City
Water Way Branch 2	Water Way Compound - Tagamoa
Water Way Branch	Water Way Compound - Tagamoa
Madenty Branch	Banks Area – Piece no.6 - Madenty
Metro Roxy	17 El Ahram Street, Heliopolis
Cairo Airport	Airport, Village of Goods
Platinum Club	New Cairo, Platinum club
Mobil 90	Near 90th Street New Cairo 5th Settlement, El-Tagamoaa, New Cairo
Hadid El Masryen Tagamou	Egyptian Iron Company - Teseen Street
Fawry Ain Shams	Shop 2 and 3 store number 15 Ahmed Essmat Street, Nasia Ali Hassan Street, Ain Shams El Sharqia, Ain Shams, Cairo
Fawry Al-Salam	Shop 1 - Store number 13 Gamal Abdel Nasser Street, Gesr El Suez , El Herafeyin City - Plot 157 El Sadat, El Salam, Cairo
Tagamou HQ	84 - Sector One - City Center - Fifth Settlement
Tagamou HQ-2	84 - Sector One - City Center - Fifth Settlement
Mokkatam Branch 2	Plot # 6034, Street 9, Mukattam, Cairo
Total el-Mearag	Total Station Merag - Zahraa El Maadi - Beside Carrefour Market
Circle K Mehwar El Shaheed Tagamou	Chill Out Station, Mehwar El Shahid 1 - Market Circle K

Giza Governorate	
Royal Language School	6th of October City – El-Hay 4 Megawra 3 behind El Madina trade center
Haram Branch	42 Haram Street
Spinneys - Haram	46 Al-Haram street, Galaxy, Mariotia, Haram
Mosaddak Islamic Branch 1	56 Mossadak street, Dokki, Giza, Cairo
Dokki (Main Branch)	104 El Nile Street, Dokki, Giza, Cairo.
ExxonMobil On the Run Dokki	50 Giza Street, in front of Magles El-Dawla, Giza
Nile City Mall	Nile City Mall, Bolak, Cairo
Nile City Mall	Kilo 38 Cairo Alexandria Desert Road - Seoudi Market Beverly Hills - El-Shiekh Zayed
Lebanon Branch 2	Lebanon Tower, 60 Lebanon Street, Lebanon Square, Mohandessin, Cairo
Lebanon Branch 1	Lebanon Tower, 60 Lebanon Street, Lebanon Square, Mohandessin, Cairo
Samcrete	8 El Mansouria Road, El Haram, next to Koki Park
EFG Hermes	Smart Village
Bashayer market	Mehwar El-Libiny Haram
EL-Batal Ahmed Abd Alaziz Branch	44 El-Batal Ahmed Abdel-Aziz Street, Mohandessin, Cairo
On the Run J.W.Marriot	Ring Road, El-Nour Station

Spinneys - Zayed	Mazar Mall - El-Hay 16 - El-Sheikh Zayed
Zamzam Mall	El-Hay 7 - October
Fawry Feisal	1 Feisal Street
Fawry Warrek	Saad El-Banan Street, Warraq Al-Arab Warraq, Giza
Tahrir Branch	94 Tahrir Street, Dokki, Giza
Exxon Mobil On the Run Gamet Al-Dawel	63 Gamheet Al-Dowal Street, Mohandeseen, Giza
Union Air 5	6 Oct 3rd Industrial Zone
Union Air 1	6 Oct 3rd Industrial Zone Piece no. 609
Union Air 2	6 Oct 3rd Industrial Zone Piece no. 609
Union Air 3	6 Oct 3rd Industrial Zone Piece no. 609
6 October Branch	Plot # 23/2 - Central District - 6 october City
Union Air 4	6 Oct 3rd Industrial Zone Piece no. 609
Dar El Mona	Cairo - Alexandria Desert Road, KM 15
Hyper One	Extend of Mehwar 26th of July,El-Sheikh Zayed City
Hyper One 2	Hyper One Second Floor
Seoudi Market	In front of Hadaye el-Mohandessin Compound gate 9 - Sheikh Zayed
Arkan Mall	Arkan Mall - El-Shiekh Zayed
Seasons Country Club	Cairo - Alexandria Desert Road, KM 17
Spinneys - City Scape	City Scape - Spinneys Market
Pyramids Heights 1	Cairo - Alexandria Desert Road, KM 22.
Pyramids Heights 2	Cairo - Alexandria Desert Road, KM 22.
Hazzem Hassan	Cairo - Alexandria Desert Road, KM 22.
Spinneys - Mall of Arabia	Mall of Arabia
Total Mariotia	Al Kom Al Akhdar, Giza
Shooting Club Branch	Shooting Club Street, Dokki
Khair Zaman Hadeek Al-Ahram	Hadeek Al-Ahram
Zayed Branch	Capital Business Park, El-Shiekh Zayed
Mini Metro Master	Kilo 106 - Cairo Alexandria Desert Road
Golden Inn	Golden Inn Hotel, Sphinx Square, El-Mohandseen
Pegasus dream land club	Pegasus Dreamland Club - October
Haram 2 Branch	42 Haram Street
Mall of Arabia	Mall of Arabia 6 Oct- Entrance 15
Master Wahaat	Watnya Station, Market Master, October Wahat Road

Alexandria Governorate	
New Sultan Hussein Branch	45 Sultan Hussein Street, Alexandria
Old Sultan Hussein	33 Sultan Hussein Street, Alexandria
Smouha Branch	35 Victor Ammanouil Square, Alexandria
Miami 2 Branch	4 Street, 489 - Montazah Division - Alexandria
Miami Branch	4 Street, 489 - Montazah Division - Alexandria
Carrefour - Green Plaza	Green Plaza Mall , Alexandria
Spinneys - Smouha	Street 364 - Victor Amanuel Square, Smouha, Alexandria
Carrefour - Royal Plaza	Malik Hefni Kebly Street - El Montazah – Alex
La Passage - Alex	52 El-Horya Road - El-Atareen - Alexandria
Exxon Mobil Merghem	Merghem, Alexandria-Cairo Desert Road

Metro Roshdy - Alex	33B Serya Street, Roshdy , Alexandria.
San Stefano Branch	San Stefano - Alexandria
Gleem Branch	1 Mostafa Fahmy Street, Gleem
Metro Loran	25 & 27 Sar-Hank Pasha Street, Loran, El Raml Awal
Downtown Alex Branch	Downtown - Alex
Fawry Alex- Camp Shizar	Store (98/63) Port Said Street - Camp Caesar - Alexandria
Alex Wengat	44 Mohamed Farid Street, El Duha Tower, Ground Floor Shop No. 4 - Sidi Gaber

Daqahlia Governorate	
Carrefour - Mansoura	Street no. 20, Mansoura- Dakahlia, Egypt
Mansoura Branch	26 Saad Zaghloul Street toreil, El Mansoura
Kheir Zaman Mansoura	Suez Canal Street, El Nour Building, El Mansoura

Gharbia Governorate	
Tanta Branch	Intersection of El-Gueish & El-Nahda Streets, Tanta
Metro Tanta	32 Said Street, Couchner Square - Tanta
Tanta Branch-2	Intersection of El-Gueish & El-Nahda Streets, Tanta
Mall Tanta	Mall Tanta - Entrance 5

Red Sea Governorate	
Gouna Branch	Service Area # Fba12-e, El-Balad District, Gouna, Hurghada
Bustan El Gouna ATM	El-Gouna, Hurghada
Spinneys - Senzo Mall	Senzo Mall, Hurghada
Spinneys - Hurghada - El-Dahar	El-Nasr street, El-Dahar, Hurghada
Sheraton Road Branch	Sheraton Road - Hurgada

South Sinai Governorate	
Carrefour - Sharm	Sun Terra Mall - 200 El Soor Road - Sharm El Shiekh
Neama Bay Branch	207 Rabwet Khaleeg Neama – Sharm El Sheikh

Sharkiya Governorate	
El Nassagoun El Sharkeyoun 1	Oriental Weaver Factory (10th of Ramadan)
El-Nassagoun El Sharkyoun 2	Oriental Weaver Factory (10th of Ramadan)
Zagazig Branch	95 Saad Zaghlol Street, Zagazig, Sharkia

Monofeya Governorate	
IPI	4th Industrial Zone,Sadat City, Menoufia
Almatex	1st Industrial Zone Sadat City
Egyptian Spinning Company - Sadat	1st Industrial Zone Sadat City
Horizon Prima	7th industrial Zone, El Sadat City
Shebin El-Kom Branch	Gamal Abdel Naser Street in front of Governor Resthouse - Shebin el Kom

Beni Suef Governorate	
Fawry Beni Swaif	Safia Zaghlol Street, Beni Suef
Hadid El-Masryeen	Al-Koraymat Road - Hadid El-Masryeen Factory - Beni Suef

Port Said Governorate	
Port Said Branch	Beside Port Said Governorate Building
Port Said Harbour	Port Said Harbour

Qalioubia Governorate	
Carrefour - Obour City	Golf City Mall, Obour city
El Obour City Branch	Golf City, Obour City, Shops 43,44,45
Petromin Obour City	Obour City
Total El-Obour	Ismailia - Cairo Desert Road after exit of Obour City
Master Shoubra	Chill Out Station - Shobra Banha 2 - Master Market Road, Shobra Banha

Assiut Governorate	
Assuit Branch	Chamber of Commerce building - Mahmoud Fahmy El-Nokrashy Street, Assuit

Suez Governorate	
Egy Steel Skhona	Ain Sokhna
Circle K Wahet Mohamed 2 Skhona	Chill Out Station - Wahet Mohamed (2), Mid Way of El Sokhna-Cairo Road

Damietta Governorate	
Damietta Branch	49 Kornish El-Nile Street, Ezbet El-Lahm - Damietta

El Alamein	
Total Marina 5	In front of Marina 5 Total Station