Bank Audi

ANNUAL REPORT **2015**
EGYPT

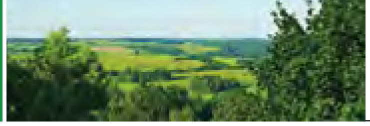
10 Years

Our decade of broad achievement and balanced development providing the right platform to offer our partners a future of financial service opportunities

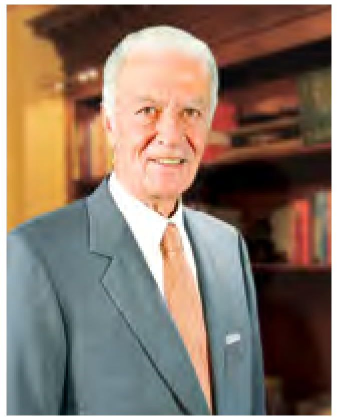
Index

Overview

Our Journey of Success Continues with the **Vision** from the Top



Overview
A. The Chairman's Statement



I am particularly delighted to present Bank Audi Egypt's annual report for 2015 as we celebrate our tenth anniversary as part of the Bank Audi Group. The journey of the last decade has been a momentous, challenging but significantly successful one for all our stakeholder partners, as together we have achieved unsurpassed growth during troubled times.

As the leading bank in its native Lebanon, Bank Audi Group entered the Egyptian market in 2005 and backed a new management team that has transformed Bank Audi Egypt exponentially and in every way, while consistently increasing net profits, assets, loans, deposits and shareholder funds in addition to aiding the Egyptian economy by financing projects, businesses, consumers and institutional clients and employing 1,294 staff by the end of 2015. What started as an investment in a tiny and static domestic bank of just three branches and zero ATMs has grown into a well-positioned network of 37 branches and over 90 ATM's. In 10 years this carefully structured performance has rocketed Bank Audi to be a major and professionally recognised player in the Egyptian banking market as per its vision of being a financial services partner of choice.

The Bank now plays an important international role for Egypt as part of the Bank Audi Group, a top 15 Arab Banking Institutions, which also operates in Turkey and has European presence in France and Switzerland. Despite the volatility of the domestic, regional and international banking markets due to political, economic, financial and social uncertainty, Bank Audi Egypt has reached EGP 37 billion in total assets from EGP 320 million in 2005.

Having been at the Bank's helm since the outset and intrinsically involved in the Egyptian banking market for the last 40 years, I would credit this expansion on maintaining an impressive portfolio risk quality, whilst building the business sustainably and moving to become a more complete financial services institution to our customers. This has included the implementation of a segmentation strategy and banking models throughout our core lines of Business and Retail banking whilst adding an SME base, effective Treasury and Liquidity management, and offering a broader range of innovative services including structured and mortgage finance, premiere and Islamic banking, and insurance, card and e-channel services. All the while, the Bank has remained customer-centric in its approach and focuses on delivery of professional quality services.

The Bank's success lies not only in its remarkable growth but in maintaining high quality risk and financial management, which would be a challenge to any well-established bank, let alone through times of environment crisis. Bank Audi Egypt is focused on building its intangible assets, from client relationship footprint to brand reputation, which we believe are the keys to the Bank's sustainable future along with carefully developing a balanced platform of operational, technical and service excellence.

Despite the uncertainties, we see a lot of opportunities in Egypt based on the success story of overcoming adversities and our high quality team of dedicated managers and staff. The number 1 factor in the banking industry is people, so for Bank Audi our success is based on people. Secondly, we have had the ongoing support and commitment of our shareholders. Our equity has grown from EGP 572 million to nearly EGP 3 billion and most of this was self-financed as our shareholders have not taken the profit outside the organization but have kept it re-invested to strengthen and support our development, showing their ongoing belief in the longer term prospects of the Egyptian economy.

2015 saw greater stability in Egypt and some significant milestones and encouragements for the future despite the country's economic restructuring difficulties, foreign currency availability and gradual EGP devaluation. The opening of the New Suez Canal, Parliamentary elections, and commencement of improvements in infrastructure along with Government commitments to future large scale projects to boost agriculture, trade, investment and employment are the first brighter lights for some time that by working all together we can make serious steps towards a stable and prosperous future for Egypt. This is reflected in the country rating which improved from a negative to a more stable outlook and Bank Audi Egypt likewise has proved a beacon of this improved international perspective by signing an EBRD $ 30 million 5 year loan agreement. Similarly, our initiatives in 2015 saw the launch of a NOVO platform and New Audi-on-Line as we seek to provide leadership technology based services to our selected clients. We also expanded our reach by opening 6 new branches in 2015 and applying the first stages of our new Branch Model to enhance the customer experience.

For the next decade, I see Bank Audi Egypt among the top, most active, modern, efficient and professionally managed private banks with a significant and differentiated market position. The key to success will be achieving the right development balance and we remain inspired by the Pyramids near to our Head Office. We have created a clear strategy based on four cornerstone foundations of our strength, being; a strong management team and skilled staff; a detailed set of flexible banking models that are implemented based on an understanding of our customer segments, the changing marketplace and environment; sound risk management and governance; and shareholder commitment.

In conclusion, I must pay tribute for the last decade's success to our staff, shareholders, regulator and above all our loyal customer partners, all of whom have contributed to the past and present and remain committed to our future.

Hatem Sadek

Chairman & Managing Director

B. Vision, Mission & Values

Bank Audi sae Vision:

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

Bank Audi sae Mission:

To deliver a superior level of service and provide easy access to innovative & 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 Audi sae 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 Bank Audi sae reputation by building on our track record 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.

C. The Bank Audi Group

Founded in 1830, the Bank was incorporated in its present form in 1962 as a private joint stock company with limited liability (société anonyme libanaise) 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. In January 2014, the name of the Bank was changed from Bank Audi S.A.L. – Audi Saradar Group to Bank Audi S.A.L.

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 is a universal bank with a presence in 12 countries. It operates principally in Lebanon, the MENA region and, since November 1, 2012, Turkey, offering a full range of products and services that cover commercial and corporate banking, retail and individual banking and private banking, as well as ancillary activities such as investment banking and on-line brokerage.

In addition to its historic presence in Lebanon, Switzerland and France, the Group currently operates in Jordan, Egypt, Syria, Saudi Arabia, Qatar, Sudan, Abu Dhabi (through a representative office), Monaco and Turkey.

Group Consolidated Activity Highlights as at end-December 2015

- US$ 42.3 billion in total assets
- US$ 35.6 billion of total customers' deposits
- US$ 17.9 billion of loans to customers
- US$ 3.3 billion of shareholders' equity
- US$ 403 million of net profits in 2015

As at end-December 2015, the Bank had one of the largest branch networks in Lebanon, with 82 branches (77 operating) covering the Greater Beirut area and other strategic regions in Lebanon, as well as, through its foreign subsidiaries, a network of 132 branches in the MENAT region (outside of Lebanon), including 13 branches in Jordan, 37 in Egypt and 55 branches in Turkey. The Bank has two subsidiaries in Lebanon, two subsidiaries in Europe, as well as an asset management company in Monaco, six 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 12 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.

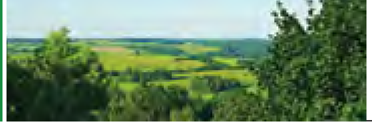
As at end-September 2015, the Bank and its consolidated subsidiaries had 6,891 employees, including 3,147 persons employed in Lebanon, 1,538 persons employed at Odea Bank in Turkey and 1,289 persons employed at Bank Audi sae.

D. Bank Audi sae Key Financial Highlights

Bank Audi sae is 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.

Bank Audi sae reported a net profit of EGP 586 million in 2015, a rise of 31.85% compared to 2014. Net Interest Income increased by 33.56% (y-o-y) to reach EGP 1.094Billion in 2015; in addition, net fees and commissions increased by 37% to reach EGP 290.5 million in 2015.

Total assets grew by 21.9% to reach EGP37.3 billion at end of December 2015, compared to EGP30.6 billion at end of December 2014. Gross loans increased to EGP 18.5 billion at end of December 2015, compared to EGP12.6 billion at end of December 2014. Customer Deposits grew as well to reach EGP32.1 billion at end of 2015, compared to EGP27.2 billion a year earlier.



E. The Egyptian economy in 2015

2015 witnessed a considerable recovery in the Egyptian economy after four years of slow activity. The Ministry of Planning issued real GDP figures for 2014/15, showing that the economy grew by 4.2% at market prices, the best performance since 2009/10. There is a reasonable chance of a similarly strong growth performance in 2015/16, if the government can address the hard-currency shortage, which has weakened business sentiment. The government is expected to be supported in this task by an influx of multilateral assistance from the IMF and the World Bank, which will help to offset some of the setbacks to tourism, following the bombing of a Russian airliner in Sinai in October. Egypt's economic outlook remains positive for the years to come, with this optimism reinforced by the Zohr gas discovery. The recent major gas recovery by the Italian firm ENI, together with improved terms, has encouraged development of previously discovered fields.

At the monetary level, headline inflation remained stubbornly high at 11.1% in December 2015 due largely to supply bottlenecks. Egypt did not seemingly benefit from lower international oil prices, as prices continued to trend upwards especially within the context of the Egyptian Pound depreciation against the US dollar. Increased downward pressure on the pound prompted state-owned banks to increase interest rates on some of their local-currency savings products, in an indication of significant changes in monetary policy that are likely to be made under the newly appointed central bank governor. The increase in deposit rates offered by state-owned banks was a signal that the Central Bank of Egypt would announce a significant rise in rates during 2016.

The tightly managed currency is coming under increasing scrutiny. Ongoing security concerns and economic uncertainty continue to provide a challenging backdrop for the Central Bank of Egypt. Under the leadership of the former CBE governor whose term ended on November 26th, the Egyptian pound was allowed to depreciate against the US dollar, crossing the EGP8:US$1 line for the first time, in mid-October, before strengthening slightly thereafter. This was the third time in 2015 that the CBE had effected a limited devaluation, and came only weeks after the IMF urged the authorities to adopt a more flexible approach towards exchange-rate policy. The Egyptian Pound depreciated by 9.6% in 2015, moving from EGP/US$ 7.15 at December-end 2014 to EGP/US$ 7.83 at December-end 2015, while the parallel market rate was indicating EGP/US$ 8.50 at year end. Foreign currency reserves have fallen from US$ 36 billion before the 2011 uprising to US$ 16.4 billion (2.8 months of imports) in October of 2015, leaving the Central Bank of Egypt with little scope to defend the pound from mounting downward pressure.

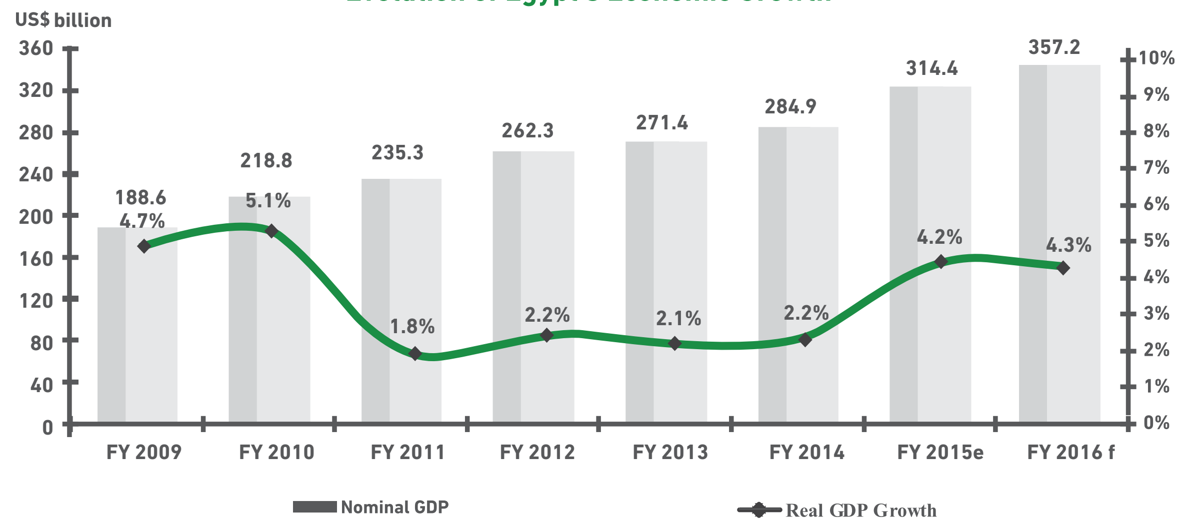
At the public finance level, fiscal reforms should pave the way for narrower deficits. The fiscal deficit narrowed to 11.5% of GDP, helped by lower fuel subsidies and tight limits on wages and employment. The sharp fall in oil prices provided some further breathing space to the 2015/16 budget. The introduction of the smart card last year has been successful in monitoring consumption and limiting smuggling. In addition, a draft VAT law was ready and officials are hopeful that this will be ratified by the new Parliament so that it can be launched by July 2016. With these measures, it is hoped that the deficit should narrow further to less than 10% of GDP in FY2015/16.

Egypt's capital markets were at the image of regional tensions and the adverse effects of the drop in oil prices. Egypt's 5-year CDS spread, a reflection of market perception of country risks, reported a 197 basis points expansion to reach 479 basis points. The Egyptian Stock Exchange saw a 27.5% drop in prices in 2015, driven by weaker investor sentiment across the region, some adverse local security developments and lingering geopolitical concerns after the terrorist act that brought down the Russian passenger plane in Egypt on October 31, 2015. The latter according to Moody's would have credit negative implications for the country's balance of payments and pose downside risks to the country's outlook. These unfavorable market spillovers were partly offset by Saudi Arabia's pledge towards the end of 2015 to raise its investments in Egypt and to contribute to providing Egypt with petroleum needs for the next five years.

At the banking sector level, the banking system has been relatively resilient to the regional turmoil amidst a tough operating environment. In details, during 2015, banking sector assets grew by L.E 517 billion (the equivalent of 26.3%), while deposits grew by L.E 353 billion (the equivalent of 22.7%). In parallel, banking sector loans to the private sector grew by US$ 10.5 billion (the equivalent of 11.9%), suggesting growing lending opportunities in a recovering economy. Financial soundness indicators remain satisfactory, with a non-performing loan ratio of 7.2% of total loans along with a provisioning ratio of 99% of non-performing loans, a capital adequacy ratio of 13.2% and a return on average assets of 1.3% and a return on average equity of 18.9%.

The anticipated sound economic growth in Egypt is likely to translate into a double-digit growth in monetary and banking aggregates over the years ahead supporting the improvement of earnings growth of banks operating in Egypt.

Evolution of Egypt's Economic Growth



Sources: IMF, Bank Audi's Group Research Department

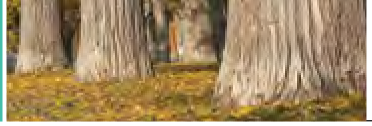
Comparative Banking Sector Indicators

(In US& billion	Dec-13	Sep-14	Variation%	Change	Dec-14	Sep-15	Variation%	Change
Egypt								
Bank Assets	242.2	265.4	23.2	9.6%	275.4	307.2	31.8	11.6%
Bank Deposits	189.2	204.9	15.7	8.3%	218.2	235.4	17.2	7.9%
Bank Loans	79.1	84.1	4.9	6.2%	88.0	98.5	10.5	11.9%
MENA								
Bank Assets	2,535.2	2,721.8	186.6	7.4%	2,743.1	2,853.8	110.7	4.0%
Bank Deposits	1,774.0	1,895.8	121.7	6.9%	1,918.0	1,943.6	25.7	1.3%
Bank Loans	1,294.4	1,387.5	93.1	7.2%	1,391.1	1,488.0	96.9	7.0%

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

Corporate Governance

Our Sound **Governance** Paves the way for Sustainable Performance



Corporate Governance
A. Board of Directors

Members	Status	Executive Committee	Corporate Governance, Nomination& Remuneration Committee	Risk Committee	High Credit Committee	Audit Committee
Mr. Hatem A. Sadek Chairman & Managing Director	Executive	✓ ■	✓ (Invitee)	✓	■	
Mr. Mohamed A. Fayed Deputy Chairman & Managing Director	Executive	✓		✓	✓	
Mr. Yehia K. Youssef Deputy Managing Director	Executive	✓	✓ (Invitee)			✓ (Invitee)
Mr. Raymond W. Audi	Non - Executive					
Dr. Freddy C. Baz	Non - Executive		✓	✓ ■		
Dr. Marawan M. Ghandour	Non - Executive		✓ ■			✓ ■
Mr. Samir N. Hanna	Non - Executive				✓	
Mr. Maurice H. Saydé	Independent					✓
Dr. Mohamed E. Taymour	Independent		✓	✓		✓
Mr. Ahmed F. Ibrahim	Secretary of the Board					
■ Chairperson						

Mr. Hatem A. Sadek
Chairman & Managing Director since May 2006

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. Hatem 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.

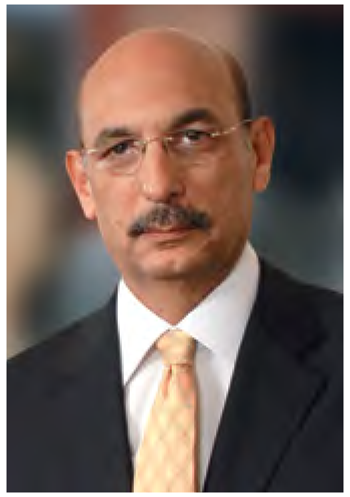
Mr. Hatem Sadek then became Consultant to Banque Misr's Board of Directors for Change and Restructuring Programs before joining Bank Audi sae in 2006 as Chairman & Managing Director.
Mr. Hatem Sadek is also a Board Member of Odeabank A.Ş Turkey, a subsidiary of Bank Audi sal.

Mr. Mohamed A. Fayed
Deputy Chairman & Managing Director since October 2014

Mr. Mohamed Fayed has over 25 years experience in banking, diversified in two leading local and multinational banks in Egypt, namely Banque Misr and Misr International Bank (acquired by Nationale Société Generale Bank then later acquired by Qatar National Bank). He was the Executive Vice Chairman of Banque Misr, the second largest Bank in Egypt from June 2010 until September 2014, in charge of all Lines of Business including Corporate Banking & Syndications, Treasury & Capital Markets, Financial Institutions, Islamic Banking, Retail Banking, 500 Branches, Investment Banking, Information Technology and all overseas subsidiaries. His major target during these 4 years was to boost the Bank's businesses' activities in all areas, managing over 12,000 employees, which led to a remarkable growth of 52% in total footing, 226% in net profit and total assets reached around US$ 40 billion. This was attributed to his restructuring of the business model (corporate identity, branches, services, developed products, distributing channels, IT systems and applications). From 2003 until 2014, he successfully managed and closed several landmark transactions with total investments exceeding EGP 300 billion in various economic sectors with a great value for the economy. Additionally, he was the Vice Chairman of Misr Bank Europe – Germany, a Board Member in Bank Misr Liban, and a Member of both the Canadian Chamber and the American Chamber of Commerce.

Mr. Mohamed Fayed helped Banque Misr to reach the 4th ranking for the first time on Bloomberg League table as a mandated lead arranger. He was also a Board Member representing Banque Misr in different corporates, Egyptian Real Estate Asset Management and Investment, Nile Fund for Investment & Development, Egyptian Mortgage Refinance Co., Misr Financial and Investment Co.
Mr. Mohamed Fayed started his career back in 1989, when he joined Misr International Bank and remained for 18 years in the Corporate Banking Sector with a wide experience in Corporate Finance, Project Finance, Syndicated Loans, Acquisition Finance, Corporate Bonds, Securitization, Restructuring, and Islamic Finance. Additionally, he played a principal role during the acquisition of Misr International Bank by Nationale Société Generale Bank, being an active member of the committee in charge of the sale of the bank.

Mr. Yehia K. Youssef
Deputy Managing Director since June 2011

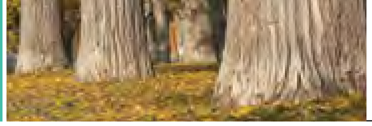


Mr. Yehia Youssef has a track record of over 37 years in the Egyptian Banking Sector. In 1978, Mr. Yehia Youssef started his career in Misr International Bank where he held leading positions across various banking activities.
He played a major role in the restructuring of Misr International Bank among other accomplishments covering all banking areas.
Following 28 years of notable achievements at Misr International Bank, Mr. Yehia Youssef joined Bank Audi sae as Chief Operating Officer (COO) in 2006 with a leading role in the start-up operation of the bank.

Mr. Yehia Youssef continues to play a critical role at Bank Audi sae holding a Deputy Managing Director post and in May 2011, he was elected by the Board as an Executive Board Member.

Mr. Yehia Youssef also represents The Group as a Board Member in National Bank of Sudan, as well as Head of the Audit Committee. During 2015, Mr. Yehia was appointed as a non-executive Chairman for Arabia-On-Line, a major player brokerage firm in Egypt.

Mr. Yehia Youssef holds a BA in Accounting from Cairo University and has attended many conferences, seminars and trainings locally and internationally in diversified banking areas.



Mr. Raymond W. Audi
Board Member since April 2006

Mr. Raymond Audi acts as Chairman of the Board of Directors and General Manager for Bank Audi sal since December 2009.

He also served as Chairman of the Board of Directors and General Manager from 1998 through 2008, resigning from this position when he was appointed Minister of the Displaced in the Lebanese government. Mr. Audi resumed his position as Chairman of the Board of Directors effective December 22, 2009.

He started his banking career in 1962, and together with his brothers and prominent Kuwaiti businessmen, he founded Bank Audi by building on a successful long-standing family business. Mr. Raymond Audi has played an active role in leading Bank Audi sal through both prosperous and challenging times to its current status as a widely recognized leading Lebanese and regional bank. He served as President of the Association of Banks in Lebanon in 1994.

Mr. Raymond Audi is the recipient of several honors and awards, including, in July 2007, an Honorary Doctorate in Humane Letters from the Lebanese American University.

Dr. Freddie C. Baz
Board Member since April 2006

Dr. Freddie Baz joined Bank Audi sal in 1991 as advisor to the Chairman and founded the Secretariat for Planning and Development. As the Group Chief Financial Officer and Strategy Director of the Bank, he has overall authority over the finance and accounting, MIS and budgeting functions throughout the Group, and is responsible for the development of the Group strategy.

He is a member of Bank Audi sal's Board of Directors and the Group Chief Financial Officer and Strategy Director of the Bank. He is also the Chairman of the Board of Directors of Bank Audi France sa, a fully owned subsidiary of Bank Audi, and a member of the Board of Directors of several affiliates of Bank Audi.

Furthermore, Dr. Freddie Baz is the Managing Director of Bankdata Financial Services WLL which publishes Bilanbanques, the only reference in Lebanon that provides an extensive structural analysis of all banks located in Lebanon.
Dr. Freddie Baz holds a State PhD degree in Economics from the University of Paris I (Panthéon – Sorbonne).

Dr. Marwan M. Ghandour
Board Member since April 2006

Dr. Marwan Ghandour has been an independent member of Bank Audi sal's Board of Directors since March 2000 & the Vice-Chairman of the Board of Directors since December 2009.
He is also a previous Vice-Governor of the Central Bank of Lebanon. He held this position between January 1990 and August 1993, with primary responsibilities in the area of monetary policy.

During this period, he was also a member of the Higher Banking Commission and various other government committees involved in economic policy. In this capacity, he liaised with different international institutions such as the International Monetary Fund (IMF), the World Bank and the Bank for International Settlements (BIS).
From 1995 until July 2011, Dr. Marwan Ghandour served as Chairman and General Manager of Lebanon Invest sal, a leading financial services group in the region whose holding company merged with Bank Audi in 2000. He also served as Chairman of the Board of Directors of Audi Investment Bank sal, a fully owned subsidiary of Bank Audi, from 2005 until December 2011. He was elected Chairman of the Board of Directors of Banque Audi (Suisse) sa in March 2011 and Vice-Chairman of the Board of Directors of Odeabank A.Ş. in Turkey in June 2012. He also serves as member of the Board of Directors of several affiliates of Bank Audi. Dr. Marwan Ghandour holds a PhD in Economics (Econometrics) from the University of Illinois (Post doctorate research at Stanford University).

Mr. Samir N. Hanna
Board Member since April 2006

Mr. Samir Hanna joined Bank Audi sal in January 1963. He held several managerial & executive positions across various departments in Bank Audi sal and was appointed General Manager in 1986 and a 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 presence in 13 countries, with consolidated assets exceeding USD 42 billion, consolidated deposits exceeding USD 35 billion, and group staff headcount exceeding 6,900 employees.

Mr. Samir Hanna is also the Chairman of Odeabank A.Ş. in Turkey and a member of the Board of Directors of several affiliates of Bank Audi Group. He currently serves as the Group Chief Executive Officer and the Chairman of its Group Executive Committee, and heads all aspects of the Bank's Executive Management.

Mr. Maurice H. Saydé
Board Member since June 2011

Mr. Maurice Saydé is a prominent Lebanese Banker, a previous member of both the Lebanese Banking Control Commission and the Higher Banking Commission of the Lebanese Central Bank.

Mr. Maurice Saydé started his banking career in 1962 at the Banque de Syrie et du Liban where he remained until 1966, when he joined the Banking Control Commission. He moved to Crédit Libanais sal in 1970 and was appointed its General Manager in 1985. He remained in this position until his appointment, in 1990, as member of the Banking Control Commission and member of the Higher Banking Commission of the Lebanese Central Bank. He occupied these positions until 1998.

Since then, he has acted as Group Advisor to the Bank Audi Group notably on Corporate Risk Management and was elected member of the Board of Directors of Bank Audi sal and Chairman of its Group Audit Committee from June 2006 until July 2008.
Since then he has acted as Advisor to the Board of Directors of Bank Audi sal for Audit Committee matters.

Dr. Mohamed E. Taymour
Board Member since June 2011

Dr. Mohamed Taymour is Chairman of Pharos Holding, an investment bank that includes Brokerage, Asset Management, Advisory Activities, and Private Equity. Dr. Mohamed Taymour was founder and Chairman of EFG Hermes, helping to transform it from a start-up into the largest non-bank financial services firm in the Middle East. Dr. Mohamed Taymour has worked as a consultant for both the Egyptian government and private institutions on a variety of assignments related to capital markets. He has held senior positions in investment banking and development banking institutions in Egypt and Kuwait. Prior to establishing EFG Hermes, he was head of the Projects Division at the Arab Fund for Economic and Social Development in Kuwait.

Dr. Mohamed Taymour has been a prominent member of the American Chamber of Commerce in Egypt since 1988, serving as Chair of the Investment Committee from 1991 to 1997 and Chair of the Stock Exchange Committee from 1998 to 2002. In 2003, and again in 2005, he was elected as a member of the AmCham Board of Governors. He was the Chairman of the Egyptian Center for Economic Studies from 2007-2009. The Center is a think tank covering local developmental issues. In addition to his duties as Chairman at Pharos Holding, Dr. Taymour is Chairman of the Egyptian Capital Market Association.

Dr. Mohamed Taymour earned his undergraduate degree in Industrial Engineering from Cairo University and earned a Doctorate degree in system analysis from Thayer School of Engineering, Dartmouth College, USA, 1970.

B-Governance
Corporate Governance Statement

Introduction
Bank Audi sae is committed to operate with a clearly defined governance framework that is constantly adjusted and tailored to align with strategic and organizational changes. Through this ever-evolving framework, the Board of Directors balances its role of providing strategic direction and risk oversight with setting the tone to maintain a culture of ethical business conduct that is embedded at every level of the organization.

At Bank Audi sae, we place significant value on the Board's independent judgment which is considered as the linchpin of effective corporate governance in line with Bank Audi's constant commitment to ensuring effective leadership.

As a means to ensure that the Bank's business model is appropriately embedded within the Bank, the Board of Directors continues to promote the communication of our vision and values to our employees. With a deep understanding of Egypt's unique market, the regulatory environment, business opportunities, business continuity and key strategic risks, the Board of Directors allocates the appropriate time for determining and managing the emerging issues that could affect the Bank in the future. In doing so, it considers, understands, and approves the processes implemented by management to effectively identify, assess, and respond to the organization's strategic risks.

One way the Bank sought to build on and preserve this culture was by issuing the Corporate Governance Guidelines, which were approved by the Board on March 18th, 2013 and are reviewed on a regular basis.

The Corporate Governance Guidelines constitute a key building block of the Bank's governance framework.

They are comprehensive and address matters such as Board responsibilities, structure (composition and size) and functioning, Directors' qualifications and independence, the Board's access to members of Management, as well as remuneration and nomination principles.

Compliance Statement
Bank Audi sae is subject to the Central Bank of Egypt's Corporate Governance Code. During the year of 2015, the Bank has in all respects complied with the provisions of the Code and its voluntary recommendations.

Risk-intelligent Framework
Bank Audi sae's governance framework provides for clearly defined authorities and delegations that enable the Board to maintain effective control as well as serve as a basis for sustainable business practices. In this framework, the Board establishes structures and processes to fulfill board responsibilities that consider the perspectives of investors, regulators, and management among other internal and external stakeholders. Throughout this framework, the Board provides guidance to management in the development of strategic priorities and plans that align with the Vision and Mission of the Bank and balance the interest of its stakeholders.

The Board has set forth the appropriate mechanisms and processes to monitor management's effectiveness in executing the approved strategic plans.
The framework maintains accountability of the Board's role in

exercising appropriate oversight of the governance process. It also warrants management's responsibility for implementing the policies and procedures through which governance occurs within the organization.

The governance model is designed to ensure effective controls are in place to appropriately identify and monitor the Bank's strategic, operational, financial, and compliance risk exposures in the context of the risk appetite and tolerances that have been formulated through a collaborative process between the Board and management.

Board Composition

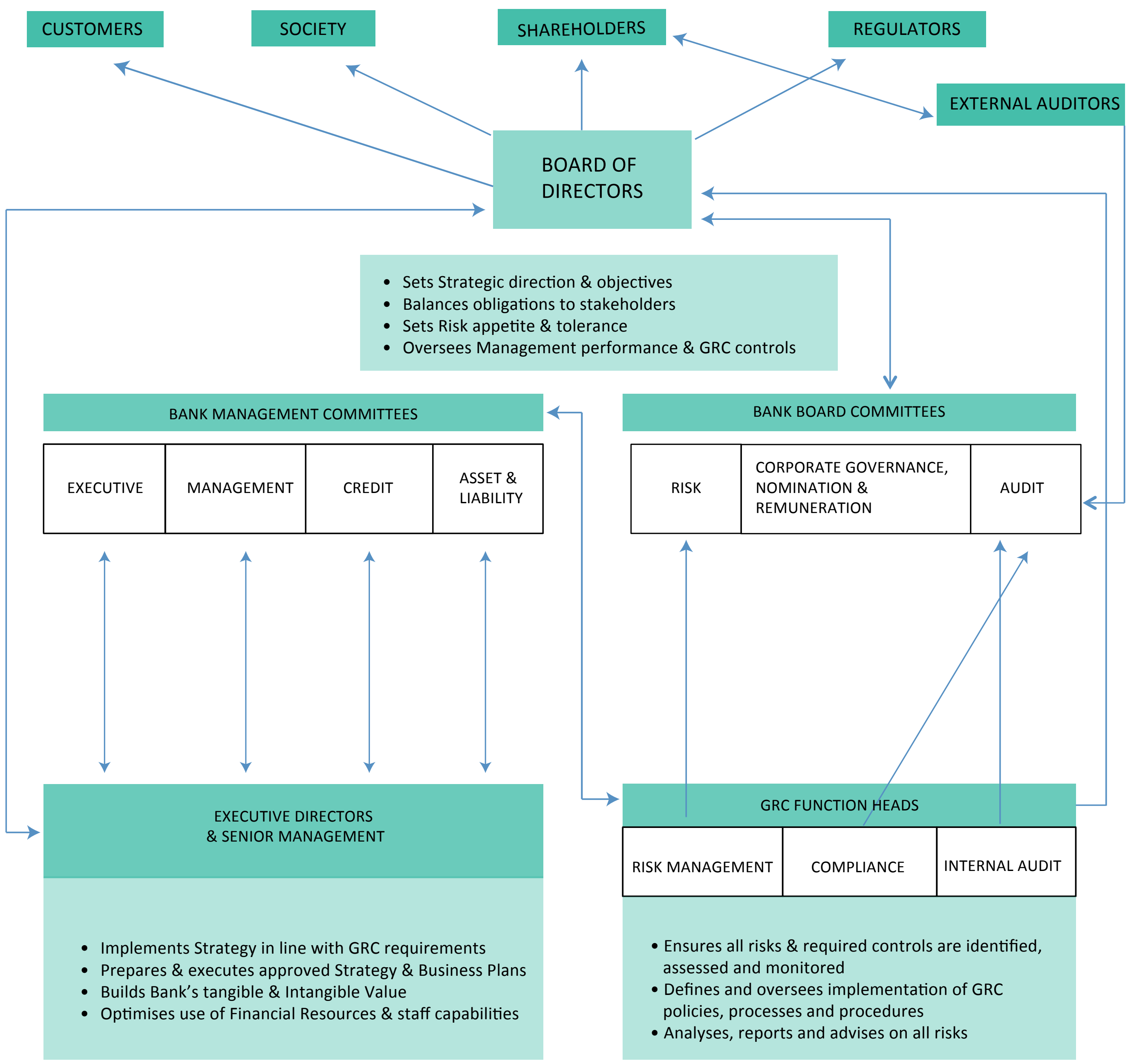
The Board's current composition reflects appropriate industry knowledge and diversity of experiences and backgrounds that are necessary for the successful operation of the Bank. This comes as a result of the Board's dedication to selecting its members and leadership through an inclusive, independent, and thoughtful process, aligned with the Bank's Strategy.

The Board's Corporate Governance, Nomination and Remuneration Committee ("CGNRC") is delegated the authorities to actively help the Board optimize its governance effectiveness by fine-tuning the Board's own make-up, structures and operations to enhance the Board's ability to deliver value to the Bank. The CGNRC plays a central role in building and managing the Board's effectiveness through its responsibility for attracting, evaluating, developing and retiring directors.

The strategy for formulating Board composition takes into account the Bank's purpose, business strategies, capabilities and relationships.

The Bank has a unitary board structure with a balanced mixture of executive, non-executive and independent directors. The Board functions effectively and is considered to be of an appropriate size for the Bank, taking into account, among other considerations, the need to have sufficient directors to facilitate the appropriate functioning of structure Board Committees, fulfill regulatory requirements as well as the need to adequately address the Board's succession plans. Non-Executive Directors bring diverse perspectives to Board deliberations, provide value-driven insights and constructive challenging of the views of Executive Directors. The Board understands that sound governance practices are fundamental to earning the trust of stakeholders, which is critical to sustaining performance and preserving shareholder value. The Board members' collective experience and expertise provide a balanced mix of attributes for it to fulfill its duties and responsibilities.

Corporate Governance Framework



10 Years of Accomplishments

Our **Elements** of Success Will Keep on Flourishing

10 Years of Egyptian achievement

Lines of Business

Corporate Business Banking

In accordance with the bank-wide ambitious expansion plan that includes achieving aggressive growth rates vis-à-vis the market, the Bank's Corporate Banking organization was restructured in late 2014. The restructuring process entailed having all segments of Corporate Business Banking (Large Corporate, Syndicated Loans and Commercial Banking) in addition to a new department, "Corporate Business Development and Marketing Support" under one umbrella in order to have a unified vision to optimize marketing efforts and further create synergies among all corporate segments.

Our Corporate Business Banking model is founded on the principle of increasing relationship contact to obtain even deeper understanding of our customers' business activities and plans that in turn will enable us to expand the scope and relevance of carefully structuring financial solutions and efficiently delivering products, overlaid by the provision of a high quality professional service.

A highly skilled team is participating in the Bank's Technology Transformation Program, in order to provide all necessary support for a smooth, quick, efficient and accurate transformation. This assistance is essential, as we believe in the great importance of this change, which should take the Bank to a higher technology level to serve our business customers.

This year saw an extraordinary progress in consolidating our business relationships and extending our activities which led to a net increase in the Corporate Business Banking portfolio by EGP 3,777 billion reaching EGP 12,684 billion in December 2015 versus EGP 8,907 billion as of end of December 2014.

For the Syndication department, Bank Audi sae, in cooperation with a number of leading local banks, arranged several transactions in the Egyptian market throughout 2015. As of end of December 2015, The Syndication portfolio consisted of 29 clients for different facilities, with total authorized limits of EGP 4 Billion and utilization rate of 86% so that total direct utilized limits reached EGP 3.4 Billion from EGP 2.6 Billion by end of 2014.

Looking forward to 2016 the main objectives of the Corporate Banking Business will be to concentrate on upholding and further developing our business model to cater for the envisaged business plan growth requirements of our customers, minimize concentration risks within increasing portfolio, stimulate cross-selling, focus on targeting new clients on value chain analysis, and increase our banking sector market share within the Bank's wider strategy.

Corporate Business Banking main challenge will be to maximize the size and mix of our corporate business banking asset and liability portfolios, primarily by working with both our existing and selected potential value chain customer whilst operating within the sound guidelines of the Bank's regularly assessed and approved risk appetite and parameters. This is to ensure that we maintain portfolio quality and risk provisioning within agreed tolerance levels, whilst assisting customers with a broader range of relevant services that have more partnership type benefits and added value to them and ultimately providing more optimal direct and indirect returns for the Bank.

Retail Banking

Retail and Individual Banking

In 2015 the retail banking model focused on the pursuit of service excellence for our customers by taking steps to deliver simple, leading and innovative products to help clients achieve their ambitions.

Bank Audi Retail Banking continued to achieve outstanding growth among its peers and be acknowledged as a professionally managed and key player in the Egyptian retail banking market. This was reflected by reaching a portfolio of EGP 3.98 Billion in Retail assets with a growth rate of 39 % versus market growth of 23 % (as per CBE report dated December 2015).

Also exceptional 200% growth was achieved in Mortgage finance during 2015 with our selective portfolio reaching EGP 128 Million. Similarly, we reached EGP 12 Billion EGP in individual deposits representing a substantial growth rate of 27 % versus market growth of 22 % (from December 2014 till December 2015) as per CBE report dated December 2015.

Banc-assurance activities were launched back in December 2014 aiming to fulfill Bank Audi customer's needs with innovative products introduced by GIG Egyptian Life Takaful and increasing loyalty. A noticeable acquisition of EGP 3.4 MM in Annual Premiums was achieved during 2015

Our Payroll services were re-organised in 2015, by setting up a new logistics team which is a designated team for payroll accounts acquisition, fulfillment, coordination with companies and follow-up to attain agreed upon service level agreements with interrelated Bank departments for better control and service delivery. This was in addition to several process enhancements through centralization of payroll accounts opening for better data quality and speed for our customers.

Bank Audi Retail business carried on in 2015 building on the solid foundation that was established in the previous years, with a new branch operational model implementation based on our beliefs in the strength and integrity of Relationship Management & Service Excellence, aligned with new product and innovative alternative channel offerings and first time launches in Egypt (such as NOVO and new styled Audi online).

As part of continuing the retail operating model in Egypt based on a customer life cycle segmentation strategy focusing on lifetime value delivery to the customer, we have introduced our Audi Première proposition that aims to develop strong relationships with our affluent customers, built on trust and partnership while offering them a world of distinction through:
Exclusive Personalized Services' Benefits (Inside Bank Audi's Branches):

- Audi Première Relationship Managers
- VIP Lounges
- Dedicated Call Center (16VIP)
- Easy and fast daily transactions
- Accounts Benefits
- Audi Première Account
- Platinum Debit Card
- Special Tariffs
- Free SMS Service
- Special Banc-assurance Products by Egyptian Life Takaful GIG
- Loans, and Cards' Benefits
- World MasterCard
- Premiere Loan
- Special Mortgage Loan
- Lifestyle Benefits:
- Travel & Concierge Services offered by Abercrombie & Kent
- Real Estate Services by Coldwell Banker & New Homes
- Brokerage services offered by Arabia Online
- Special discounts in high end retail stores – Iram for Diamonds

It is worth mentioning that we always kept on enhancing our current offerings to suit customer's needs acquired from extensive market research as well as offering new products like Armed forces Loan, USD long term time deposits and Flexi Saver in 2015.

As a part of one of our strategic aims to be recognized as the Young Affluent Hi-tech Bank of choice, we have succeeded to launch the innovative technology "NOVO by Bank Audi" which is the first of its kind in the Egyptian market and that allows customers to browse through Bank Audi various products and services via its multi-touch screens and have a video conference with Bank Audi advisor offering convenience of 9 am to 9 pm working hours including weekends.

Believing in the importance and evolvement of E-commerce worldwide and in Egypt, Bank Audi sae introduced another new innovative product for the first time in the MENA region which is "Raseed Online " partnering with MasterCard & Fawry .
Raseed Online is the first prepaid product specially designed only for Online purchases. With the anonymous secured online voucher printed through Fawry's large network and Bank Audi Branches, Bank Audi sae received the MasterCard innovation award for 2015 as Best E-commerce Innovation .

By placing Clients' convenience first, our Bank provides them with a wide array of delivery channels that include till date 40 branches, 114 ATMs with value added services including cash acceptance, Fawry bill payment & Fawry cardless bill payment, a 24/7 call center, and a user-friendly internet banking service "New Audi Online" together with more innovative channels that have been soft launched for staff members on November 2015 and officially launched to clients in Jan 2016.

All of the above achievements have been the initial cornerstone for creating our 2016-2018 Retail Banking strategy. By cultivating our current customer lifecycle segmentation in harmony with value segmentation, we have set a strategy for all our Retail banking activities from Assets, Liabilities, Payroll, Banc-assurance, Mortgage & E-channels.

The aspired market share that reflects the introduction of further innovative products and services while enhancing our operational leadership.

While complying to all new CBE regulations, we aim for 2016 to be another record year for Retail banking in Bank Audi sae focusing on Mobile payments, and other technology driven services for customers through effective distribution via Branches and alternative channels. By adding further new branches, we are seeking to offer the geographical convenience to all our clients .

Bank Audi sae branches will remain the mainstay of the Retail sales, service and advisory role for our customers, whilst performing transactional operations through much easier, convenient and faster channels. Finally and above all we strive to provide consistent and appropriate high levels of service quality at each customer contact point for the different and growing segments of our customer base.

Branches

Our Branch network achievements and plans can be summarized as:

- Liabilities: Increased by EGP 1,764 Billion representing 9% growth.
- Number of Branches: We opened 3 branches in 2015 to reach a total of 37 branches.
- In 2016 we are planning to open 10 branches to reach 47 Branches.
- New branches are targeted to be located in Zakazik, Portsaid, Assiut, New Cairo, Madinty, shooting club, Zayed, Nasr City, Alexandria and Demiatt.
- Our intention is to open 7 new branches each year onward in order to reach 60 branches at the end of 2018.

Treasury and Capital Markets

As it has been the case for the last few years, 2015 came with serious challenges, risk and opportunities across all our Treasury and Capital Markets activities. Yet again, Bank Audi sae Treasury & Capital Markets teams delivered and outperformed the year's financial targets.

Bank Audi sae Treasury & Capital Markets department is considered a top categorized profit line of business that offers a broad suite of capital markets, market-making, treasury and securities products, sophisticated risk management solutions, cash management, liquidity solutions and services to a global client base of corporations, investors, financial institutions & government entities. The team is eager and prepared to participate in the cross delivery and sale of the Bank's products & services in line with the vision of its management. The process aims at limiting the usage of the Balance Sheet. Treasury members took part in several clients' visits along with other lines of business representatives.

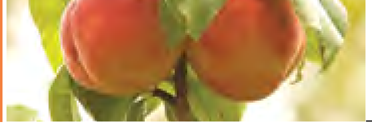
One of the prominent developments scheduled to take place during 2016, is the inauguration of the Treasury Sales Desk. It will further boost the Treasury product reach and servicing of the Bank's existing and potential clients.

Despite the mentioned difficulties, Egypt's growth is showing signs of turnaround and has witnessed major steps on the right direction with the aim to address the country's chronic problems like:

- The authorities managed to keep the Foreign Currency reserve at an average level of US$ 17.4Bn while timely meeting all the country's foreign obligations.
- An elected House of Representatives convened for the first time on January 10th, 2016.
- The previous step will lead to more solid Economic legislations "Unified investment law".

During 2015, the Treasury & Capital Markets in Bank Audi sae, in collaboration with Murex support team in Beirut, successfully implemented one of the most prominent front office treasury systems in the field "Murex System". This step was a major tool in hand of the professional team in addition to being an example of the synergy on the Group level and a cornerstone of the Bank's "Technology Transformation Project". Currently, the dedicated Treasury professionals are on the move for the second phase implementation which requires hard work, dedication, commitment and deep knowledge of the business.

Despite the financial markets circumstances in Egypt, the Treasury department achieved notable increasing financial results. This is due to the important role that the Treasury played in managing the Bank's liquidity and interest rate risk in an efficient and sensible way complying with the CBE ratios and guidelines.



Financial Institutions
During 2015, Egypt faced several serious challenges, such as the Egyptian Pound devaluation by 8.26%, and a drastic decline of Egyptian Tourism after Sharm El-Sheikh's dramatic Airplane crash. Despite, the Economic conditions, Financial Institutions Department managed to sustain the volume of business growth providing Quality and Timely Service incremented to the wide Trade Finance coverage by Bank Audi sae correspondent banks covering more than 150 countries and the increase in Money Market limits by 17.1% to sustain any excess liquidity.

In 2015, Bank Audi sae signed a significant loan agreement with European Bank for Reconstruction and Development (EBRD) for EUR 30 Million, with a tenor of 5 years, to secure additional sources of Foreign Currency mainly to satisfy corporate client needs.

Non-Bank FI continued to penetrate additional sectors and to focus on maintaining existing and building new relationships with selective institutions in line with Bank Audi sae business model and expansion plans. Non-Bank FI deposits increased by 121% reaching EGP 830 million by year ended 2015.

Structured and Islamic Finance
2015 was the year where structured finance started to exploit its full potential where success was there in all areas such as:-

Project Financing: Structured finance has won the Deal of the Year Award from IJ Global Project Finance magazine on the structuring and arrangement of a L.E. 2 billion facility.

Acquisition Finance: Structured finance team successfully closed the most prominent deal in the Egyptian Market OTMT / Act acquisition of Beltone.

Syndications: Bank Audi sae was ranked 5th on the Egyptian Banking in Syndicated loans and successfully closed 9 transactions in year 2015 out of which 7 were concluded by the Structured finance team. Deals included sovereign financing, corporate and acquisitions.

This arm now has proven to be a solid contributor to revenues and bottom line of the Bank and has been differentiated completely from competition.

Islamic Finance: 2015 had witnessed the complete shift in gears by fueling our retail platform to be up to the current market offering. We have finalized all our asset platforms and 2016 will witness the launch of our personal finance programs including mortgage and covered cards.

On the corporate side, CBE approval was obtained on the Ijara / Istisnaa structure and the Bank is now ready to provide flawless project finance structures that are second to none in the market. In conclusion, 2015 set a great platform for achieving the potential of our Structured and Islamic finance arms, and the power of both lines is ready to be unleashed and grow exponentially.

Small to Medium Enterprises (SMEs)
Year 2015 witnessed the implementation of our Bank Audi sae SME Business Model, shifting the approach to SME clients from a lending driven one to a 360 degree Relationship Management approach.
Profiting from extensive Market Research, our SME Business model was built on the following pillars:

1. A 12 criteria Segmentation enabling us to define properly the Bank's Prime clients.
2. Relationship Management Unit to service Prime and Key SME clients.
3. High involvement of Branches Management in servicing Prime and Key SME clients
4. Transactions consultancy team in Trade Finance, Cash Management and Internet Banking to service SME.
5. Building a team of centralized Customer Service officers dedicated to SME Prime clients to facilitate transactions and handle complaints and Service Requests (BEST team).
6. Streamlining transactions workflow.

Over and above the model impact on Clients' satisfaction, its implementation led to achieving substantial growth on the 3 financial portfolio performance indicators. In fact lending volume grew by 77%, while liabilities balance grew 153% and commissions doubled.

Building the SME lending model was the last milestone of the first phase of our SME banking model building. The bank engaged IFC expertise in SME lending to make sure we build a state of the art lending model that will make us reach year 2018 Financial and Non-Financial ambitious objectives.

IFC accomplished agreement:
Reshaping our SME lending policies, processes and services is a must to be able to meet the Bank's lending objectives and align on Regulator recommendations.
Accordingly, the Bank signed with IFC an" SME Banking Advisory mission" allowing us to sharpen our approach to market and increase our efficiency and participation in the economy growth. This mission is planned to end in Q3 2016.

SME strategic milestones (SME) :
As stated above, we are building with IFC support the most appropriate approach to SME lending in terms of underwriting, booking and collection. We are as growing the SME team headcount and knowledge enabling our human resources to cope with the coming challenges.

When it comes to origination, the Bank made extensive researches over and above the ones highlighted above to spot the most suitable "Branches Network Expansion Plan" that answers properly our aggressive strategic approach to SME. We finally planned to open branches in specific areas near industrial zones such as Asyut, El Menia, Zakazig, Port Said & Damietta. Opening these branches will pave the way for SME hubs for new to Bank client acquisition.

Global Transactions Services (GTS):
"Technical Innovative Solutions" and "Service Excellence" are the main drivers of our GTS department who entered in year 2015 into its Phase 2 business model implementation. GTS aims to be a top notch service provider to selective Business Banking clients as well as the Bank arm in Capital Market products.

As part of the above GTS role, 2015 witnessed the launch of a New internet banking platform for Business banking offering an easy, free, fast and highly secured transactional facility based on Business banking aspirations derived from Market research.

Also 2015 witnessed the launch of BEST (Business Easy Services & Transactions) which is a contact center for Business Banking selective clients providing them with transaction facilitation and execution as well as service requests and complaints handling.

In 2015, GTS provided to the Bank's Trade Finance clients a continuous consulting support helping them to face the prevailing Egyptian and International trade situation. GTS launched new processes to ensure for Prime and Key SME clients a smoother Trade experience with the Bank, and whilst providing these Business banking clients with product management services in E-Channels, Cash Management and Liabilities.

Meanwhile the Capital Markets products team enlarged the Bank's client franchise by initiating Custody, Margin Trading and DVP with new brokers.

Transformation projects:
GTS department has been an active member and participator in Bank Audi Technology Transformation Projects, leading the implementation of the new revolutionary internet banking with the high security parameters in soft and hard tokens.

Also GTS participated in the new core banking system transformation project and new loan origination system for SMEs as well as new archiving systems.

GTS strategic milestones:
Cultivating on 2015 achievements, GTS will continue over the coming years its role in introducing technology driven initiatives to pamper our selective Business banking customers by improving their daily Transactions Experience. GTS will be focusing on accompanying SME department in its journey for growth and will enlarge its services to Large Corporate selective clients as of year 2016.

Risk Functions
During 2015, with the active guidance and involvement of the Risk Department, we have been able to manage the Business Banking and overall credit portfolio of the Bank within the constraints of the unstable economy resulting from several years of decline. This was evidenced by the descending ratio of the Bank's NPLs to the portfolio and the increase in the provision coverage as well as the enhancement in portfolio average risk rating.

In fact, 96% of loans had no past dues or impairment indicators at the end of 2015 versus 94% at end of 2014 and we were fully in compliance with CBE requirements for General and specific Banking Risk Reserves.

In addition, the Bank's Internal Capital Adequacy was tested under more than thirty stress tests in which all results showed that the Bank remained well capitalized. Moreover, the Internal Capital Adequacy Assessment Process (ICAAP) was updated and tested for the third year. The Liquidity Contingency Plan (LCP) was also tested and the results were supportive in terms of available qualified liquid assets and liquidity buffer set by ALCO.
Bank Audi sae believes that Risk Management is a key integral element in its means of achieving its mission and that having a robust Risk system is a pivotal point that is considered in setting the strategic objectives.

The main challenge for the Risk Department will be to boost its capabilities through increasing use of proven and efficient IT solutions that will contribute towards the better management of the Bank's risks, assist in the streamlining of processes, and allow all stakeholders greater and faster visibility of occurring risks events.
In this regard, the Bank has a fully fledged Risk Management Function entailing the main three functions with a very experienced staff and determination to embed the Bank values. We have the aim of reducing any client or sector concentration risks and increasing our detailed KYC capabilities. This should allow the Bank to optimize its Credit Risk exposures to the most appropriate clients and reach comfort levels on the appropriateness of products for each client type.

Operational Risk department is considered one of the main vital Risk arms which is already embedded in the Management decision making process through its involvement in the new products and services offered to the Bank's customers, the analysis of all unusual events, determining their root causes and setting the necessary mitigation actions.

The Bank's sustainability is enhanced by providing a diversified range of risk balanced tailored products and services that highly consider the fulfillment of the customers' needs and wants in addition to setting the suitable controls to protect our customers as a first priority .

The full and effective roll out of Risk Control Self Assessment remains a challenge for all banks. During 2015 Bank Audi sae started to structure the full process of the RCSA which will be fully applied starting 2016. Also Bank Audi sae is committed to ensure its employees have a better understanding of the inherited risks within their daily work and the required practices for effective control, with good communications existing between all stakeholders so as to provide rapid and appropriate mitigation within the provided guidelines as well the best service offered to our customers . In conjunction, an automated solution is used to help the Bank obtain better analysis of its solid Loss Database, leading to more proficient display of its overall operational risk picture. Operational Risk is also involved within all of the new Technology Transformation Programs through its dedicated staff. The implementation for the new Core Banking System with the involvement of the Operational Risk team will ensure that all the Banks' procedures are to be updated including all the adequate levels of controls which will be enhanced or maintained.

Market Risk department has in target additional key risk measures and mitigation tools in the upcoming Business Plan, aiming for enhanced monitoring and measuring of key risk exposures. This will be achieved through setting appropriate plans to implement the international standards to measure, monitor and control Interest rate risk, Liquidity risk, FX risk, Concentration Risk and to continuously assess the Bank's Capital structure position versus risk weighted assets, even under stress scenarios. For market risk management, the MUREX front office system should provide a unique coverage of asset classes and handle all features of trading for foreign exchange, money market, equities, and fixed income. As a further part of pushing forward, it is planned that new BASEL guidelines concerning liquidity indicators and interest rate risk at banking book will be applied and monitored periodically.

Also an Integrated Financial & Risk Management ('IFRM') project and related technology Program will aim to avoid any key data discrepancies in measuring and monitoring capital adequacy, liquidity risk and interest rate risk in the Banking Book.
The IFRM project also plans to help by providing automated Credit Risk reports without any manual interference, thus enhancing the speed and timeliness and further ensuring accuracy of reporting. It should also provide the ability for selective real time monitoring of the Credit portfolio Risk including portfolio concentration by industries and by currencies.

It is intended also that the IFRM will include a Funds Transfer

Pricing module that will enhance the Bank's current pricing methodology and measurement as part of using a more sophisticated Risk Based pricing model in the future.

Finally, the implementation of the New Core Banking System will enhance the control function of the Credit Admin Team as all the limits controls should be automated along with automatic alerts for any breach in the limits or group ceiling, This will not only facilitate the daily work flow, but will result in better customer satisfaction for the service level.

Retail Credit

Retail delivered one of the highest growth rates in 2015. The challenge for the Retail Credit department was to deliver the growth while maintaining the quality of the portfolio. Despite growing by 36%, the portfolio's coincident and lagged indicators were held constant with no deterioration in the quality of credit. Newer vintages continue to perform better than older ones with a positive outlook for future portfolio credit health.

The achievement was made possible by investing in a strong collections function. A state of the art collections system allowing full automation of collection activities and vendors combined with expanded capacity of skilled and experienced staff and partners has given the business the confidence to grow. Analytics based credit decisions have allowed the business to seize opportunities in high growth low risk segments. Strong controls over the underwriting activities and data quality have yielded credit decisions consistent with the policies set and within the Bank's risk appetite.

To ensure preparedness for the growth projected in the 2015 - 2018 business plan, the Retail Credit function has invested in a number of new initiatives materializing in 2016. A new underwriting system was contracted to enhance the origination processes, upgrade data capturing capabilities, further improve controls on data quality, and consequently deliver faster turnaround times. In parallel, new reporting tools are being adopted to accelerate the production and dissemination of analytics for faster and more informed credit decision.

The most important development of 2015 was the deployment of application scorecards for personal and auto loans.

Scorecards were developed, tested, validated and launched in 2015. Full reliance on the scorecards is expected in Q1 2016 where over 90% of applications are to be validated through the scorecard. A scorecard for credit cards is expected to be developed and deployed by Q4 2016. These tools will play an integral role in delivering the desired growth rates while maintaining the quality of the portfolio at the desired levels due to the predictable nature of the resultant credit performance.

Support & Control Functions

Operations

All Operations Departments were involved in the different phases of the New Core Banking System that took place during the year 2015 (Migration Strategy, Detailed Mapping, Functional and Technical Hands on Training, Testing Strategy, Parameterization, etc...).

Capital Market Operations implemented a new financing tool of same day transactions for all Margin Trading customers to facilitate using the Margin Trading products and meet Bank customers' needs. Furthermore, automated concentration ratios have been applied for all Margin Trading customers' portfolios to minimize the concentration risks of all Bank's customers due to market fluctuations.

Treasury Back-Office went live with phase one of the new Treasury system "MUREX" that will assist in providing speedy and high quality of services and enhance the overall handling of different FX and Money Market products.

Trade Finance implemented a rigorous system to monitor and control all Trade transactions as per CBE regulations regarding foreign currency.

Payment Services have been able to maximize control and enhance turn around time of several functions either through centralization or automation of processes. Centralization covered the Commercial Papers and Discounted Checks processing while Automation covered the following transactions:

- ACH Direct Credit & Direct Debit
- Discounted Checks
- Collection of the FCY Outgoing Clearing session
- Pension Payments through ACH system instead of regular check collection process (as per Government instructions).

Engineering

Engineering ensured the acquisition, design and furnishing of prime locations of the following Branches: Merghany, San Stefano, New Sultan Hussein, Tayaran, Shooting club, New Cairo and Miami (Transformation to Islamic Banking). Furthermore, office areas were expanded in Alexandria, Haram, Salah Salam and Pyramids Heights Head Office locations.

Administration

Administration was able to maintain the cost of most purchases, compared to 2014 prices. Tough negotiations were being carried out although inflation and foreign currency fluctuations had a negative impact on the market prices. Moreover, Administration took charge of the E-Archiving of Branches' Daily Journals by creating a Centralized Unit that handles and controls this new function.

Organization & Reengineering

Organization & Reengineering were involved in the New Core Banking System as Policies and Procedures lead, handling the identified gaps by updating business work flows and procedures. Furthermore, the team successfully launched and implemented the E-Forms project aiming at decreasing the cost and turnaround time of Bank forms' handling.

Technology Transformation Program " Al Fanar" (2015 – 2017)

Bank Audi sae, in alignment with Bank Audi Group's strategy, has launched the Bank's Al Fanar Technology Transformation Program with approximate investment of EGP 200 Million.

The program is being executed in cooperation and collaboration with the Group and aims to provide the Bank with business capabilities to further enhance the Group's position in Egypt and the wider region.

The overall business objectives of the program are to increase market share, enhance customer retention and satisfaction as well as streamline business processes and operations. This will be done by modernizing Bank Audi's technology and applications architecture to support the Bank's strategic and ambitious business plans.

We are partnering with Oracle that will bring and assist in implementing leading software solutions and management expertise. In that regard, Deloittes being a global brand under which tens of thousands of dedicated professionals in financial services consultancy, was selected to setup and execute the Program Management Office for Al Fanar to ensure the success and efficiency of the program. The chosen firms have successfully conducted several similar initiatives worldwide.

Al Fanar program comprises 5 distinctive projects to tackle the Bank's pressing business needs:

- Core Banking System (Oracle FlexCube Universal Banking system - FCUB):
  This project will empower the Bank to provide new Retail and Corporate products and services. It will allow increase in market share, improve operational efficiency, manage risk and improve control over all Bank processes.

- Online Banking Solution, Internet & Mobile Banking (Oracle FlexCube Direct Banking System FCDB):
  This project will improve existing direct channels to our customer base, allowing better services. It will introduce Mobile Banking to our customers and provide a significantly improved Internet channel. The solution adopted will increase availability and reliability of the services provided over the multiple channels.

- Document Management System (IBM DMS):
  This project will provide electronic archiving of all documents in the Branches and Bank departments to fulfill regulatory requirements, decrease turn-around time for document retrieving and improve overall process workflow and efficiency.

- Integrated Finance and Risk Management System (Oracle IFRMS):
  This project will fulfill all regulatory reporting requirements as well as all financial reporting. It will increase the Bank's ability for producing and managing information.

- Treasury Module (MUREX):
  This project will provide better control and monitoring of all capital market operations.

Finance

10 years have passed since the inception of Bank Audi sae. Over those years, the Bank's Finance Division has enriched its financial role with an advisory role. Whereby rather than just presenting the figures, Finance is analyzing them and providing insights to decision makers of the Bank aiming to be an active player in achieving the Bank's strategic plans.

During 2015 Finance division kept up with the fast growth of the Bank by continuing to ensure that all accounting practices remained valid and consistent with the prevailing standards and regulations, performing daily monitoring to ensure that all data was correctly reflecting the actual position and performance of the Bank and issuing a large number of periodic reports and financial statements packages for several internal and external stakeholders to provide a valuable source for decision making, supervision, and performance analysis.

Finance Division generates daily reports to monitor revenues and expenses movements and identify the reasons for any fluctuations in addition to the proper application of rates and prices on clients' accounts.

Taxes are calculated and paid according to related laws and practices. Tax plans and scenarios are also prepared for decision making. Accounts held with correspondent banks are fully monitored and reconciled on a daily basis. Finance divisions will also continue to be the source for:

- Financial performance analysis reports
- Preparing the annual and future financial budgets for total Bank, by Lines of Businesses "LOB" & by Branch
- Performance monitoring and issuing comparative reports to track down Actual versus Budget figures to control expenses.
- The profitability model by line of business, by customer, by branch & by sector.
- All financial analytics of performance, high-lights and related commentaries.
- Peer Group data base and presentation analysis.
- Board of Directors' presentations
- The monthly "LOB" Line of Business Profitability Presentation.
- Central Bank Of Egypt "CBE" , Central Bank Of Lebanon "BDL", Group Consolidation and other authorities' reports.
- Presentations needed for the shareholder meetings, and monthly/ quarterly Management and Executive Committees' meetings.
- Publication of the financial statements in official newspapers.
- Reconciliations of the accounts held with our correspondents.
- Managing Transfer pricing engines.
- Analysis of Bank Audi's position in the Egyptian banking sector in order to identify potential market opportunities.
- Keeping up to date with Central Bank of Egypt regulatory reports

All the above Financials, reports and presentations are prepared in accordance with CBE and IFRS standards.

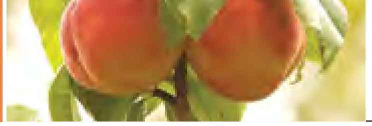
Finance Division - MIS have participated in automating the process monitoring the performance for the new branches model, one of the Bank's major strategic change projects. Finance division – MIS continued to be a major player in the Bank's Technology Transformation Program. As a result of this major role and the changes in technology aimed by senior management, Finance MIS is being restructured to serve as the one point of providing reports to the whole Bank. These changes are engineered to serve the strategic goals of the 2015 – 2018 business plans and beyond.

Information Technology

Throughout the year 2015, Bank Audi's IT Department took many giant leaps towards the ambitious goal set by Management for the completion of Business Technology Transformation under the umbrella named "Al-Fanar Transformation Program" with a target date of H2-2017.

Throughout the year, Bank Audi sae IT Department managed to streamline and maintain smooth operation of existing legacy systems while meeting target delivery dates of key milestone projects within "Al-Fanar Transformation Program" such as delivering Phase I of the "Document Management System "Project, delivering Phase I of the "Murex Treasury System "Project and delivering Phase I of the "FCDB Internet Banking "Project.

In parallel to the above tremendous challenge, Bank Audi sae IT Dept. managed to steadily carry on many large sized projects aiming at enhancing the IT Infrastructure to offer a more Reliable, Available and consistent Customer and End User Experience, targeting all Customer Channels, from Branches, to ATMs and



finally to New Internet Banking Platform.

A key factor in the success story of Bank Audi sae IT Department throughout the year 2015, is the ability to deliver on time, jumping over the obstacles, running parallel projects with a highly optimized number of resources, where IT resources serve as key players in various parallel projects with no effect on quality nor delivery target date of any of the projects.

Adding to the above, and part of the Bank wide strategic plan for 2015-2018, Bank Audi's IT Department planned a short, medium and long term projects plan to support Bank Audi sae ambitious Business plan, by offering Business Technology Oriented solutions, aiming for enhanced customer footprint and improved customer experience against market benchmarks, keeping Bank Audi's image as the Technology Innovative Bank in the Egyptian Market.

Moreover, Bank Audi's IT function is technically leading the Bank wide efforts for "Al-Fanar Transformation Program" bridging the gap between the Application functionality, market demand and business requirement through the introduction of the Business Technology team inside the IT Department, where the team includes skilled resources in technology solutions with the adequate Business Knowledge and background.

Human Resources

Bank Audi sae strongly believes in its Human Capital as a major driver of success, The Human Resources department accommodated its structure to align with the Bank growth and strategic objectives 2015 – 2018.

During 2015 the Bank's HR Team provided efficient and comprehensive support services to all stakeholders, by hiring a total of 312 high calibers from different levels with diversified experiences. HR emphasized on delivering a high level of knowledge and skills to the Bank's staff through appropriate educational academies, training programs, OJT, International Exposure, Accredited Certificates, Leadership and development projects, to fulfill the identified needs by delivering almost 68,000 training hours to 3,900 participants within 350 training programs.

Internal customer communication was enhanced through Inspiring & Engagement programs with almost 2,000 participants covering "Employees and Families" by organizing several Social Activities as Trips (Internal & Abroad), Tournaments, Wellness, Gatherings and Team Dynamics Programs. All these helped in building rapport and trust within the Bank Audi sae Family.

In order to increase employee's interaction and ensure that their voice is heard, HR has made regular branch and departments visits and analyzed complaints and staff suggestions.

In addition the Bank's balanced scorecard based Performance Management System for staff and managers at all levels combined with comprehensive Performance Development Forms conducted twice a year has led to enhancing the two way communication dialogue between staff and managers and assisted in aligning the individual goals with the Bank strategy through continuous development and regular follow up plans.

A balanced meritocracy and reward system has been created to retain staff through ensuring internal and external equity by aligning the salary position within the market through a comprehensive market salary survey for all the Bank's positions, new incentive & commission schemes for the staff in different Branches and Departments. In addition, further indirect benefits were added to the Bank's staff annual packages, such as staff life insurance program, medical care, saving scheme, enhanced free interest loan conditions, and launch of the children education free interest loan.

Employer Branding reflects a continuous effort by Bank Audi sae to spot, attract and maintain the best calibers from the external market and from within the Bank.

We have established our own in-house assessment center as a tool used to assess a number of competencies required to perform a specific job that will be used in different HR activities as (Internal & External Selection , Promotion, TNA, Succession Planning and Identifying HIPOS).

To ensure the business continuity, the Human Resources department started building up a succession planning project as one of our Talent Management program, where our High Potential Employees (HIPOS) are identified based on specific criteria that include the results of the assessment center as a major selection tool in order to build an effective second line and to eliminate any future risks of any critical position vacancy.

Strategic Support

The Strategic Support Unit (SSU) played a pivotal role in the planning and launching of the second round 2015-2018 of the Bank's Strategic Plan.

Alongside its customary responsibilities in terms of strategy guidance, implementation, reporting and follow-up, the SSU spearheaded the Bank-Wide Strategy Workshop which served as the starting point for a harmonious dialogue between all functions to initiate the creation of ambitious business plans for the coming future.

The SSU catalyzed the process through aiding functions in adopting strong and measurable Key Performance Indicators (KPIs) that closely mirror and reflect the Bank's Strategic Objectives. Upon finalization of each function's strategy, KPIs and measurements, a second phase of the Strategy Workshop was held to bring all relevant functions together to discuss their business plans for year 2016 including their new initiatives, productivity , and their Human Resources role and ease any existing hotspots through collaborative service level agreements (SLAs).

On one hand, the first phase enabled each function to realize its potential and deficiencies through self assessment. While the second phase brought together all stakeholders in terms of lead collaborative functions and lead collaborative service providers and provided a unified forum for them to discuss and negotiate their intertwined plans for the future.

In conclusion, the Strategy Workshop two phases proved to be very fruitful and met their desired objectives in terms of overall functions collaborations and enhanced communication and understanding.

The Effects of these Achievements on our Strategic Plan 2015 – 2018:

- Value Creation by identifying each Function's intangible contribution to the Bank
- The assessment of each Function's weaknesses and threats and identifying solutions to mitigate them
- The dynamic interactions between various Functions which resulted in the creation of SLAs
- Brand Recognition and the enhancement of Service Excellence
- The various measurements of each Function's productivity , innovation and enhancing the role of Function heads as HR managers.
- Accurate Reporting tools for the Bank's Stakeholders by selecting smart KPIs with specific measurements and benchmarks
- Finally, building a well balanced Strategy with an effective and efficient follow up that is unique to Egypt's banking sector

Project Management Office

- The ultimate goal for the PMO is to let the Bank's own 'Project Management Methodology' be used and embedded at all levels as a key management and communication tool for Change Projects or any other high value initiatives.

- In 2015, the PMO has continued its role as a "Source of guidance, documentation & metrics" involved in managing and implementing the Bank's Strategic Change Projects, providing planning templates and suggestions to all active banking models and strategic change projects as per the Change Committee decisions.

- In light of the primary strategic role of the PMO to assist Function heads and best utilize projects' resources across the Bank, the required support has been provided to the (Risk Administration Dept.) in terms of business analysis and technical assistance for their 'day-to-day' business.
  A 'quick win' solution has been prepared and provided to the department to overcome a big burden on their daily tasks through enhancing their internal solutions and facilitating their work. Accordingly now they are getting a dramatic improvement for their TATs & KPIs Objectives.

- Setting-up and developing a complete mechanism (with all LOBs) to get the most benefits of using the VC (Value Chain) as well as managing and following-up the monthly cycle including delivering analysis output reports to the Chairman and high management.

- PMO has worked on developing a new proposed 'PMO Model' that allows all functions to share projects' data and techniques to more rapidly adopt project management methodologies. Issue resolution is simplified with a single escalation path to the top decision maker. The new proposed solution will keep 'Projects' team' informed of their project's goals, priorities, as well as providing PM tools and opportunities to enhance projects' performance

- PMO will also be an intrinsic participant in the 'Cross-Referral' project and in charge of designing and implementing full solutions and workflows. (December 2015 Initiative)

Marketing & Communication

Year 2015 was full of many challenges and the role of the Marketing & Communication department was not only to meet the needs of each line of business and support function but also to exceed Internal & External Customer's Needs to cope with the challenges and to try to become a step ahead of all competitors.

We are proud to say that we have developed 6 more Units/ Functions in the Marketing & Communication Department to meet the challenges that we faced. The biggest challenge was activating the New Units/Functions with limited resources and we managed to achieve our challenge whereby we started the activation on a gradual and by project bases. The Marketing & Communication role is not only focused on meeting the needs of the Bank's customers but in meeting Internal Customer's needs whereby we are treating employees as our Internal Customers. We have developed 5 new innovative projects for the Bank's employees during 2015 that focused on improving internal satisfaction, creating higher loyalty to the Bank as well as having a healthy and motivating working environment and they resulted in highest satisfaction levels and this is only the beginning as the coming years will have higher challenges.

For the Bank's customers, we have developed several Products/ Services campaigns and activities using innovative marketing and communication tools. We launched new products/services through launch events, press conferences and new direct marketing activities. Our role is to provide support to each line of business and each support function in their 2015 achievements and we are looking forward to overcoming future challenges with even greater innovations so as to meet and exceed internal and external customer's needs and expectations.

As an example,
the New Branch Brand Identity Project has been developed during 2015 and year 2016 will foresee its activation through a clear time plan that will be carried on until 2018.
We are working closely with the New Technology Transformation Program Team on covering two main objectives:

1. Developing an Internal Education Program whereby employees develop full comprehensive awareness on the Program.
2. Sharing the details of the project on a clear time plan basis throughout 2016 and 2017 to keep all employees aligned on the progress along with the benefit and outcome that will be gained.

E-Channels are definitely a key element of the future of banking because as technology progresses, so the need for developing new E-Channels arises and in turn the need to develop new Marketing & Communication Channels becomes the new challenge. We have established two New Units that are totally dedicated to the development of new campaigns and activities and even tailored projects that meet and exceed the needs of E-Channel's Customers. We have also entered the era of Marketing & Communication through Social Media whereby the challenges and opportunities are endless and we plan to exceed our customer's needs with new initiatives throughout 2016 and onward because Social Media marks the future of Marketing & Communication.

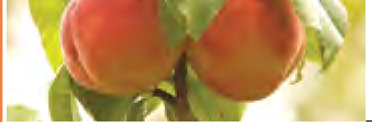
Market Research

The Market Research Department plays a vital role for all bank departments including the non-business ones as it helps 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 performance; and benchmark its products and services to the market place.
3. Running Geo-marketing studies to assess the optimal new locations where the Bank should expand its Branches and ATMs network 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 which helps in 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 2015 the Market Research department played an important role on both strategic and business levels through the following:



- Geo-marketing studies initiated to help in the Bank's future expansion plan and providing its branches network with an extensive business data-base.
- Mystery Shopper Program across all the Bank's Branch network and extend it to assess the major competitors' branches as well and benchmark our network's performance versus the competition.
- Customers' satisfaction/feedback surveys to measure and assess our customers' impressions, satisfaction and loyalty towards the Bank's products, services and quality of service.
- SMEs extensive study that uniquely mapped the SME banking universe in Egypt and defined the best business sectors that might appeal to the Bank along with identifying the banking and financial behavior and needs for those business sectors. With this study we became well prepared to play an appropriate role as envisaged by the Country's new Economy directions.
- SMEs non-borrowing customers' filtering project to segment them among 3 main categories for the New SMEs business model set by the Bank.
- E-channels market understanding and segmentation to define the e-banking perception across the current bank users and the potential ones, their aspirations and needs from the e-banking channels and what are their current triggers and barriers towards the e-banking channels; in addition to the satisfaction level of currently e-banking users from other banks.
- Daily country intelligence reports provided to all lines of business, risk and strategic planning departments carrying all business, economy, stock market and country risk news and reports; covering 23 business sectors in addition to Country risk, operational risk and economy reports.
- Islamic Retail banking market understanding and segmentation; where we defined the Islamic retail banking users' needs/aspirations, segments, geographical penetration and financial habits. This study supported in deciding and prioritizing which Islamic retail products and services to be developed and launched in the market according to the customers' need/gap analysis and the competitive market analysis.

The market research department managed to increase and diversify its data resources which led to increasing the number of business data bases provided within 2015 for the various business lines.

Service Excellence

Service Excellence in the banking industry has become a major driving force for overall performance as service quality maintains customers' loyalty and attracts new ones. Bank Audi sae has identified and recognized the significant advantage in becoming recognized as a center of excellence, and customer centric leader in the banking industry in Egypt. The Bank's Service Excellence department was created to go beyond simply delivering products and developing strong bonds with its customers. The essence of the Department is to facilitate across the Bank a full customer centric 'partnership' experience by proactively anticipating customers' needs and expectations and where mutually appropriate, meeting or exceeding them at each touch point and on every occasion.

In this very competitive financial market, it takes more than a streamlined Customer Service department or a slogan to fulfill this Service Excellence aspiration. Service Excellence should be a vital and consistent process, with premium service at every pass set by a service oriented tone that drives Bank Audi 's strategic objective implementation at every level.

Bank Audi sae intention and plan is that its Service Excellence should become an attitude engraved in every department that begins and ends with everyone. The "Service Excellence" Department was formed to assist the Bank to understand, build and go even beyond an exceptional service experience so that this strengthens the customer relationship and partnership bond as each customer feels their own unique affinity to the Bank.. The Service Excellence Department is gearing up to measure differentiated customer experience and satisfaction in an extremely competitive environment. One of Bank Audi sae core value is to embrace Service Excellence to sustain its successful track record and achieve its goals. This necessitates identifying strengths and areas of improvement in meeting the increasingly changing customer needs and expectations without conflicting with service delivery affordability. Bank Audi sae Service Excellence is all about thinking from our customer's perspective and building customer affinity partnership. We will continue to strive to deliver our Service Excellence aspiration by going the extra mile in removing any hurdles and resolving any issues before they exist. It is an ongoing self-refinement and self-improvement challenge that we have taken upon ourselves to distinguish our banking service and to rise with our customers above the rest of the market.

Legal

Litigation

- The value of our professional legal management of cases in 2015 was again seen through the Cairo Economic Court upholding the Bank's repayment of an unpaid facility exceeding EGP 90 million plus interest and two significant Final court orders in favor of the Bank totaling nearly EGP 40 million plus interest.
- A total number of 10 court orders were issued in favor of the Bank in criminal cases and a total number of 14 court orders were issued in favor of the Bank in civil cases. In addition, Amicable Settlements were achieved in four cases totaling settlement of debts of EGP 217 million

Legislative

The Bank's General Legal Counsel has contributed to legislative reforms including amendments to the Executive Regulations of Income Tax Law, which successfully enabled banks to avert tax duplication on dividends of treasury bills and bonds. This contribution was acknowledged by the Federation of Egyptian Banks in formal correspondence addressed to Bank Audi's Chairman.

Facility Contracts

- The Legal Department cooperated with the Bank's business teams for successful execution of multiple syndicated facilities, including among others, two facilities that exceeded USD 500 million each and one exceeding EGP 10 billion;
- We also provided the business with necessary legal support in drafting and reviewing complex loan agreements related to acquisition financing and a syndicated Islamic facility amounting to EGP 1.5 Billion;
- We assisted the treasury team in drafting the first FX Option Agreement to be executed by the Bank with a corporate client;
- Internally we drafted approximately 150 loan agreements for different business units and revised many mortgage finance cases and land/title related documentation.

Internal Audit

The Risk Based Audit (RBA) plan 2015 had been successfully achieved over the major 4 audit activities; Branches' Audit, Centralized Operations, Head Office, and IT. The audit plan had been completed in accordance with laws, regulations, professional standards and Internal Audit KPIs.

63 audit missions were conducted within 2015 as follows:

- 40 audit missions for 34 branches.
- 3 audit missions for Centralized Operations.
- 9 audit missions for H.O activities.
- 3 audit missions for IT.
- 8 Follow up audit missions.

In line with the Bank's strategy, Internal Audit Department (IA) went the extra miles toward enhancing the audit perception within the Bank's environment in order to realize partnership with our valuable internal customers (auditees). In this regard, an integrated framework has been developed in collaboration with the HR Talent Management Team and the lines of business (LOB) where the training needs of staff are defined, analyzed and formulated into development action plans. Meanwhile, awareness audit sessions are frequently held to augment the knowledge of the Bank's officers from a risk based perspective with the ultimate aim that all operational activities are performed within the required and practical control environment. In addition, IA took actions on building the positive and advisory role perception of the IA function from the auditees' perspective. A feedback questionnaire was completed by the auditee after each audit mission to assess the quality of audit service, enlarge strengths and overcome weaknesses. A bi- annual analysis report is submitted to the Bank's Management for presenting the integrated feedback and vision from audit missions. On the other hand, we strongly believe that adding value to the organization is the responsibility of each staff, so that IA requires concurrent interaction from each auditor to provide enhancement recommendations building up a pool of suggestions that would develop the workflow mechanism, save time and cost and maximize the benefit.

IA is going in parallel with the Bank's expansion strategy. Accordingly, the Audit strategy and plan has been developed to cope with the Bank's strategy for 2015-2018 taking into consideration, the dynamic environment of market, business orientation, laws and regulations. In this regard and as per the Bank's expansion strategy towards Islamic Banking, IA took proactive action by establishing an Islamic Audit function that will be the connection between the Shariaa Board and the Bank Islamic branches and activities to ensure Islamic products and Shariaa Board decisions are executed properly and correctly, Also IA is conforming with the strategic expansion in the field of e-channels by updating the IA scope on a timely manner with all new products/e-channels to ensure effectiveness of control and the quality of services provided to bank customers.

The Audit strategic plan considered the expected impact of expansion from risk perspective, resources, training and development. Meanwhile, the core banking technology transformation Program is subject to IA consideration where direct and indirect impacts are subject to further analysis and assessment upon implementation. The umbrella of expected impacts encompasses internal and external influences which are under close assessment for the sake of delivering a high quality of audit service.

Compliance

During 2015 Bank Audi sae through its compliance team adopted bold steps towards implementing Compliance regulations and principles through successfully integrating all related laws and significant regulations to the Regulatory Compliance Program which allowed continuous monitoring of the compliance status of the Bank.

The Compliance department succeeded as a PFFI to fulfill its requirements and obligations for reporting to the IRS as an impact of FATCA. In addition the Compliance department through its AML officers updated our AML systems to cope with the recent changes and requirements.

The Compliance department engaged and provided guidance in different projects in coordination with other departments, for example compliance intervened in the process of adopting the new core banking system through providing compliance guidance and advice from AML, regulatory and corporate governance perspectives to cope with the recent regulatory environment changes and requirements to ensure smoother systems operation and consistency over the long run.

As part of its continuous role to safeguard the bank wide operations and ensure consistency of the current operations, the Compliance department developed and updated the currently applied methodologies and tools, starting with enhancing and updating the currently used risk based approaches to cope with the Bank's growth plans for 2016 – 2018 without hindering sound practices, business and products.

In addition the Compliance department helped in setting out the responsibilities and authorities of each Committee and the required qualifications of its members, ensuring that each Committee regularly reviews its charter and reassesses its adequacy in light of market or regulatory changes and new strategic orientations, and recommends amendments to the Board for approval in order to keep the Bank's governance practices constantly up-to-date.

Compliance evaluated all new products (including e-channels) and the management of related risks ensuring the consistent and stable operation of each product under the applied regulations.

Corporate Information Security and Business Continuity (CISBC)

CISBC mission is to design, implement and maintain an information security Program that protects the Bank's systems, services and data against unauthorized use, disclosure, modification, damage and loss and also to ensure the continuity of business operations.

CISBC carried out the following tasks constantly to be aligned with Bank Audi Strategy:

- Assist and evaluate the new products from Information Security perspective.
- Evaluate the E-channels from Information Security perspective.
- Comply with applicable laws and regulations from CBE related to Information Security.
- Assist Arabia Online to finalize security requirements
- Raise the Information Security awareness among staff by conducting information security sessions
- Develop Access Matrix Control to assure all roles are defined within the matrix and to assure the segregation of duties and privileges are met.
- Monitoring administrative tasks on critical IT resources.
- Assist with the update and coordination of Business Continuity plan and Disaster Recovery efforts.

Financial Statements

Solid Foundations reflected by our
Deep Rooted **Financial Performance**

FINANCIAL STATEMENTS

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Bank Audi (S.A.E)
BALANCE SHEET 31 DECEMBER 2015

	Note no.	31 December 2015 EGP	31 December 2014 EGP
Assets			
Cash and balances with Central Bank of Egypt	(15)	2 158 685 579	1 544 523 880
Due from banks	(16)	3 230 478 076	3 370 898 053
Treasury bills and other governmental notes	(17)	5 084 839 764	7 255 705 188
Loans and facilities to banks	(18)	66 156 886	144 442 886
Loans and facilities to customers	(19)	18 456 416 904	12 634 721 799
Financial derivatives	(20)	60 531	285 439
Financial Investments:			
Available for sale	(21)	7 050 181 068	4 797 780 765
Held to maturity	(21)	10 000 000	10 000 000
Intangible assets	(22)	17 705 057	11 410 919
Other assets	(23)	684 422 392	455 949 417
Fixed assets	(24)	497 686 247	346 079 151
Total assets		37 256 632 504	30 571 797 497
Liabilities and Equity			
Liabilities			
Due to banks	(25)	7 227 198	174 125 867
Customers' deposits	(26)	32 051 777 986	27 182 541 305
Financial derivatives	(20)	684 810	222 396
Other loans	(27)	1 623 321 000	214 203 000
Other liabilities	(28)	380 892 172	321 147 940
Other provisions	(29)	73 557 461	44 586 823
Current income tax liability		113 648 701	94 927 935
Deferred tax liability	(30)	15 060 858	18 462 582
Total liabilities		34 266 170 186	28 050 217 848
Equity			
Paid up capital	(31)	1 843 243 065	1 843 243 065
Reserves	(32)	350 381 288	268 467 679
Retained earnings	(32)	487 633 965	409 868 905
Total equity		2 681 258 318	2 521 579 649
Capital increase under registration		309 204 000	-
Total Liabilities and Equity		37 256 632 504	30 571 797 497

- The accompanying notes from page (40) to page (93) are integral part of these financial statements and are to be read therewith.
- Auditors› report attached.

Mohmed Abbas Fayed	Hatem Sadek
Deputy Chairman & Managing Director	Chairman & Managing Director

Bank Audi (S.A.E)
STATEMENT OF INCOME
For the year ended 31 December 2015

	Note no.	For the Year Ended 31 December 2015 EGP	For the Year Ended 31 December 2014 EGP
Interest income on loans and similar income	(6)	3 382 038 501	2 419 788 905
Interest expense on deposits and similar expense	(6)	(2 287 851 915)	(1 600 551 285)
Net interest Income		1 094 186 586	819 237 620
Fees and commissions income	(7)	321 937 904	225 426 474
Fees and commissions expense	(7)	(31 476 474)	(13 503 603)
Net income from fees and commissions		290 461 430	211 922 871
Dividends income	(8)	271 224	132 262
Net trading income	(9)	335 623	2 126 621
Gains from financial investments	(21)	66 360 680	72 466 050
Impairment charges on credit losses	(12,19)	(78 367 257)	(44 860 986)
Administrative expenses	(10)	(506 512 089)	(406 213 430)
Other operating income	(11)	37 485 841	8 084 777
Net profit before income taxes		904 222 038	662 895 785
Income tax expenses	(13)	(317 944 866)	(218 239 780)
Net profit for the year		586 277 172	444 656 005
Earning per share (pound/share)	(14)	14.38	13.43

The accompanying notes from page (40) to page (93) are integral part of these financial statements and are to be read therewith.

Bank Audi (S.A.E)
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2015

	Note no.	Issued & Paid up Capital EGP	Payment of increase in issued capital	Reserves EGP	Retained Earnings EGP	Total EGP
Balances as of 31 December 2013		1 543 358 865	-	279 593 484	371 110 279	2 194 062 628
Dividends for the year 2013 (Shareholders' share)	(32F)		299 884 200	-	(317 294 882)	(17 410 682)
Dividends for the year 2013 (Employees' share)	(32F)	-	-	-	(35 254 987)	(35 254 987)
Transferred to legal reserves	(32C)	-	-	18 560 410	(18 560 410)	-
Increase in issued capital	(31)	299 884 200	(299 884 200)	-	-	-
Transferred to general banking risk reserves	(32B)	-	-	34 787 100	(34 787 100)	-
Net Profit for the year ended 31 December 2014	(32F)	-	-	-	444 656 005	444 656 005
Net Change in investments available for sale after deduct taxes	(32E)	-	-	(64 473 315)	-	(64 473 315)
Balances as of 31 December 2014		1 843 243 065	-	268 467 679	409 868 905	2 521 579 649
Balances as of 31 December 2014		1 843 243 065	-	268 467 679	409 868 905	2 521 579 649
Dividends for the year 2014 (Shareholders' share)	(32F)	-	-	-	(348 810 421)	(348 810 421)
Dividends for the year 2014 (Employees' share)	(32F)	-	-	-	(38 756 713)	(38 756 713)
Transferred to legal reserves	(32C)	-	-	22 229 170	(22 229 170)	-
Transferred to general banking risk reserves	(32B)	-	-	98 643 207	(98 643 207)	-
Transferred to capital reserves	(32D)	-	-	72 601	(72 601)	-
Capital increase under registration	(31)	-	309 204 000	-	-	309 204 000
Net Profit for the year ended 31 December 2015	(32F)	-	-	-	586 277 172	586 277 172
Net Change in investments available for sale after deduct taxes	(32E)	-	-	(39 031 369)	-	(39 031 369)
Balances as of 31 December 2015		1 843 243 065	309 204 000	350 381 288	487 633 965	2 990 462 318

The accompanying notes from page (40) to page (93) are integral part of these financial statements and are to be read therewith.

Bank Audi (S.A.E)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2015

	Note	For the year ended 31 December 2015 EGP	For the year ended 31 December 2014 EGP
Cash flows from operating activities			
Net profits for the year before taxes		904 222 038	662 895 785
Adjustments to reconcile net profits to cash flows provided from operating activities			
Depreciation and amortization		49 974 025	38 679 173
Impairment on credit losses		78 367 257	44 860 986
Other provisions charges		31 977 625	1 735 468
Impairment charges on investments		36 453 315	-
Provisions used - other than loan provision		(3 138 172)	(308 031)
Foreign currency provisions revaluation differences (other than loan provision)		131 188	42 209
Financial investments revaluation differences (other than financial assets for trading)		(40 102 743)	(17 092 168)
Dividends profits of investments (other than financial assets for trading)		(271 224)	(132 262)
Gains from sale of fixed assets		(447 760)	(72 601)
Other loans revaluation differences		41 700 000	6 045 000
Profits from sale of other financial investments		(106 964 494)	(67 620 459)
Operating Profits before changes in assets and liabilities provided from operating activities		991 901 055	669 033 100
Net (increase) decrease in assets			
Balances with the Central Bank of Egypt within reserve percentage		(594 402 654)	(506 155 074)
Due from banks		281 402 683	(1 337 941 444)
Treasury bills and other governmental notes		2 170 865 424	(2 470 949 224)
Financial derivatives (net)		687 322	476 036
Loans and facilities to banks		78 286 000	(25 595 018)
Loans and facilities to customers		(5 900 133 789)	(1 895 268 102)
Other assets		(404 523 552)	(178 942 555)
Net increase (decrease) in liabilities			
Due to banks		(166 898 669)	111 710 478
Customers' deposits		4 869 236 681	7 410 018 029
Other liabilities		59 744 234	52 632 778
Paid income taxes liability		(299 224 100)	(209 900 074)
Net cash flows provided from operating activities		1 086 940 635	1 619 118 930

	Note	For the year ended 31 December 2015 EGP	For the year ended 31 December 2014 EGP
Cash flows from investing activities			
Proceeds from sale of fixed assets		482 500	430 676
Payments to acquire fixed assets and fixtures of branches		(18 176 853)	(17 159 601)
Payments to acquire intangible assets		(13 682 569)	(8 252 428)
Payments to purchase of financial investments (other than financial assets for trading)		(10 563 745 338)	(8 959 917 553)
Proceeds from sale of financial investments (other than financial assets for trading)		8 379 597 286	7 542 153 978
Dividends profits of investments (other than financial assets for trading)		271 224	132 262
Net cash flows (used in) provided from investing activities		(2 215 253 750)	(1 442 612 666)
Cash flows from Financing Activities			
Proceeds from other loans		1 367 418 000	-
Proceeds from increase in capital		309 204 000	299 884 200
Dividends paid		(387 567 134)	(352 549 869)
Net cash flows (used in) provided from financing activities		1 289 054 866	(52 665 669)
Net change in cash and cash equivalents during the year		160 741 751	123 840 595
Cash and cash equivalents at beginning of the year		277 214 432	153 373 837
Cash and cash equivalents at end of the year		437 956 183	277 214 432
Cash and cash equivalents are represented in :			
Cash and due from Central Bank		2 158 685 579	1 544 523 880
Due from banks		3 230 478 076	3 370 898 053
Treasury bills and other governmental notes		5 084 839 764	7 255 705 188
Balances with the Central Bank of Egypt within reserve percentage		(1 996 572 810)	(1 402 170 156)
Balances with banks (with maturities of more than three months) *		(2 954 634 662)	(3 236 037 345)
Treasury bills and other governmental notes (with maturities of more than three months)		(5 084 839 764)	(7 255 705 188)
Cash and cash equivalents	(33)	437 956 183	277 214 432

Non - cash transactions presented as follows:
For the purpose of preparing cash flows statement the followings transactions were eliminated :-
- EGP 176 050 577 represents payments to purchase fixed assets and change on other assets which transferred from down projects under construction
- EGP 39 031 369 represents fair value reserve and financial investments available for sale (investments revaluation differences)
* From acquisition date
The accompanying notes from page (40) to page (93) are integral part of these financial statements and are to be read therewith.

Translation of financial statements
Originally issued in Arabic

Bank Audi (S.A.E)
STATEMENT OF DIVIDENDS (PROPOSED)
For the year ended 31 December 2015

	For the year ended 31 December 2015 EGP	For the year ended 31 December 2014 EGP
Net profit for the year from the statement of income	586 277 172	444 656 005
General banking risk reserves	(98 643 207)	(34 787 100)
Gains from sale of fixed assets transferred to capital reserve according to law regulations	(447 760)	(72 601)
Net profit for the year available to distribute	487 186 205	409 796 304
To be distributed as follows:		
Legal Reserve	29 291 472	22 229 170
Employees' profits share	45 789 473	38 756 713
Shareholders' Dividends	-	348 810 421
Retained earnings	412 105 260	-
Total	487 186 205	409 796 304

The accompanying notes from page (40) to page (93) are integral part of these financial statements and are to be read therewith.

KPMG Hazem Hassan
Public Accountants & Consultants

Allied for Accounting & Auditing E&Y
Public Accountants & Consultants

AUDITORS' 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), represented in the balance sheet as of 31 December 2015, and the related statements of income, change in equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements
These financial statements are the responsibility of the bank's management, as management is responsible for the preparation and fair presentation of the financial statements in accordance with the Central Bank of Egypt's rules relating to the preparation and presentation of the financial statements and measurement and recognition bases approved by its Board of Directors on 16 December 2008 and in light of the prevailing Egyptian laws and regulations. Management 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. This responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's 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 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 judgment, 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 entity'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 are sufficient and appropriate to provide a basis for our audit opinion on financial statements.

Opinion
In our opinion, the financial statements referred to above, give a true and fair view, in all material respects, of the balance sheet of the bank as of 31 December 2015, and of its financial performance and its cash flows for the period then ended in accordance with the Central Bank of Egypt's rules relating to the preparation and presentation of bank's financial statements and measurement and recognition bases approved by its Board of Directors on 16 December 2008 and the related applicable Egyptian laws and regulations relating to the preparation of those financial statements.

Report on Other Legal and Regulatory Requirements
Nothing came to our attention that during the year ended 31 December 2015, the bank was not in compliance with the laws and regulations of the Central Bank of Egypt, and banking and monetary institution no. 88 of 2003.
The bank maintains proper accounting records that comply with the laws and the bank's articles of association and the financial statements agree with the bank's records.
The financial information included in the Board of Directors' Report, prepared in accordance with Law no. 159 of 1981 and its executive regulation, is in agreement with the books of the bank insofar as such information is recorded therein.

Cairo: 3 February 2016

Auditors

Nabil Akram Istanbouli	Hesham El-Afandy
Allied for Accounting & Auditing E&Y Public Accountants & Consultants	KPMG Hazem Hassan Public Accountants & Consultants

A. Member of Ernst & Young Global

KPMG حـــازم حســن
محاسبون قانونيون ومستشارون

Translation of financial statements
Originally issued in Arabic

Bank Audi (S.A.E)
Notes to the Financial Statements
For the year Ended 31 December 2015

1-Background
Bank Audi (S.A.E) provides retail, corporate and investment Banking services in Arab Republic of Egypt and outside Egypt; its 37 branches are served by 1 294 staff as of 31 December 2015.

Bank Audi (S.A.E) was incorporated in accordance with the provisions of the investment law no. 43 for year 1974 and its executive regulations and the amendments thereon in Arab Republic of Egypt. The head office is located in the governorate of Giza.

2-Summary of Significant Accounting Policies
The following are the significant accounting policies adopted in the preparation of financial statements.

2-A Basis of Preparation
These financial statements have been prepared in accordance with the instructions of Central Bank of Egypt (CBE) rules approved by its Board of Directors on 16 December 2008; under the historical cost basis, as modified by the measurement of financial assets and financial liabilities classified at initiation at fair value through profit or loss; available for sale financial assets and all financial derivative instruments.
These financial statements have been prepared in accordance with the applicable Egyptian laws and regulations.

2-B Investments in Subsidiaries and Associates

2-B/1 Investments in Subsidiaries
Subsidiaries are all entities (including special purpose entities / SPEs) which the Bank exercises direct or indirect control over its financial and operating policies. Usually the Bank has an ownership share of more than half of its voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the bank has the control over the entity.

2-B/2 Investments in Associates
Associates are all entities which the Bank has exercises directly or indirectly a significant influence, but without exercising control. Usually the Bank has an ownership between 20% to 50% of the voting rights.

The purchase method is used to account for the Bank's acquisition of subsidiaries. The cost of acquisition is measured at fair value or the consideration given by the Bank of assets and/or issued equity instruments and/or obligations incurred by the Bank and/or obligations the bank assumed on behalf of the acquire company at the date of exchange, plus costs directly attributable to the acquisition. Net assets including identifiable contingent liabilities are measured initially at fair value at the acquisition date, irrespective of the non-controlling interest. The excess of acquisition cost over the Bank's share fair value in the net assets acquired is recorded as goodwill. If the acquisition cost is less than the fair value of the net assets, the difference is recognized directly in the income statement under the item "Other operating income/ (expenses)".
Accounting for subsidiaries and associates in the financial statements is accounted for using cost method. According to this method, investments recorded at cost of acquisition including goodwill, if any, less any impairment losses. Dividends are recognized in the income statement when they are declared and the Bank's right to collecting them has been established.
The bank has no investments in subsidiaries and associates as of 31 December 2015.

2-C Segment Reporting
A business segment is a group of assets and operations providing products or services that are subject to risks and benefits are different from those of other business segments.
A geographical segment provides products or services within a specific economic environment characterized by risks and benefits different from those related to other geographical segments operating in a different economic environment.

2-D Foreign Currency Translation

2- D/1 Functional and Presentation Currency
The financial statements of the Bank are presented in Egyptian pounds which is the Bank's functional and presentation currency.

2- D/2 Transactions and Balances in Foreign Currencies
The Bank maintains its accounting records in Egyptian pounds. Transactions in foreign currency during the year are translated into Egyptian pound at the end of the reporting year using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the end of each reporting period at the exchange rates then prevailing. Foreign exchange gains and losses resulting from settlement of such transactions and recognized in the income statement and reported under the following items:

- Net trading income or net income of the financial instruments classified at initiation at fair value through profits and losses for trading assets and liabilities or those classified at initiation at fair value through profits and losses according to its type.
- Financial derivatives of equity which are eligible for qualified hedge of cash flows or eligible for qualified hedge of net investment.
- Other operating income (expenses) for the other items.

Changes in the fair value of monetary financial instruments denominated in foreign currencies and classified as available for sale assets (debt instruments) are analyzed into differences resulting from changes in amortized cost of the instrument; differences resulting from changes in applicable exchange rates and differences resulting from changes in the fair value of the instrument. Differences resulting from changes in amortized cost are recognized and reported in income statement under "Interest income on loans and similar income" where differences resulting from changes in exchange rates are recognized under item "other operating income (expenses)". Differences resulting from changes in fair value are recognized in equity and accumulated under 'revaluation reserve of available-for-sale investments'.

Valuation differences resulting from non-monetary items include gains and losses resulting from changes in fair value such as equity instruments classified at fair value through profits and losses, where valuation differences resulting from equity instruments classified as available for sale financial assets are recognized in equity and accumulated under 'revaluation reserve of available-for-sale investments'.

2-E Financial Assets
The Bank classifies its financial assets into the following categories; financial assets at fair value through profit or loss; loans and receivables; held-to-maturity financial assets; and available-for-sale financial assets. Management determines the classification of its financial assets at the time of initial recognition.

2-E/1 Financial Assets Designated at Fair Value through Profit or Loss
This category includes financial assets held for trading and financial assets classified at initiation as fair value through profit or loss.

A financial asset is classified as an instrument held for trading if it is primarily acquired for the purpose of the sale in the short term or if it represents a part of a portfolio of specific financial instruments that are managed together and there is evidence of recent actual transactions that resulted in short-term profit taking. Derivative are classified as an instrument held for trading unless they are designated as effective hedging instruments.

Financials assets are classified at initiation at fair value through profit or loss when:
- Doing so significantly reduces measurement inconstancies that would arise if the related derivatives were treated as held for trading and the underlying financial instruments were carried at amortized cost for loans and advances to customers or banks and issued debt securities.
- When some investments such as equity investments are managed and evaluated at the fair value basis in accordance with a risk management or investment strategy and preparing reports to top management on that basis are classified as fair value through profit and loss.
- Financial instruments such as debt instrument which contain one or more embedded financial derivatives which may significantly affect the cash flows, are classified at fair value through profit and loss.

Gains and losses arising from changes in the fair value of financial derivatives that are managed in conjunction with financial assets or financial liabilities which are classified at initiation at fair value through profit or loss, are recorded in the "net income from financial instruments classified at initiation at fair value though profit and loss"

It is not permitted to reclassify any financial derivative out of the financial instrument valued at fair value through profit or loss category during its holding period, or during its validity period. Also, it is not permitted to reclassify any financial instrument valued at fair value through profit or loss category if it is initially recorded by the bank at fair value through profit or loss.

- In all cases the Bank should not reclassify any financial instrument to financial instruments category which are measured at fair value through profit or loss or to held for trading investments.

2-E/2 Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable amount that are not quoted in an active market, other than the following:
- Assets which the bank intends to sell immediately or in the short term. In which case, they are classified as assets held for trading or assets classified at inception at fair value through profit and loss.
- Assets classified as Available-for-sale at initial recognition.
- Assets for which the bank will not be able to substantially recover the value of its initial investment for reasons other than credit worthiness deterioration.

2-E/3 Held to Maturity Financial Assets
Held to maturity financial assets are non-derivative financial assets with fixed or determinable amount and fixed maturity dates that the Bank has the positive intent and ability to hold to maturity. Any sale of a significant amount, before maturity, would result in the reclassification of all held to maturity financial assets as available for sale other than those allowed in specific circumstances.

2-E/4 Available for Sale Financial Assets
Available-for-sale financial assets are those 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 Applied in Respect of All Financial Assets:
Regular-way purchases and sales of financial assets classified as at fair value through profit or loss, loans and receivables, held to maturity and available-for-sale are recognized at the settlement-date, which is the date that an asset is delivered to or by the entity.

Financial assets, other than those classified as at fair value through profit or loss, are initially recognized at fair value plus transaction costs. Financial assets classified as at fair value through profit or loss are initially recognized at fair value. Transaction costs associated with those assets are recognized in the income statement in 'net trading income'.

The Bank derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire or when the Bank transfers the financial asset and all the risks and rewards associated with the ownership of the asset to another entity. Financial liabilities are derecognized when they are extinguished; that is when the obligation is discharged, cancelled or it expires.

Available-for-sale and financial assets designated 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.

Gains and losses arising from changes in the fair value of the financial assets classified as at fair value through profit or loss are recognized in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available–for-sale financial assets shall be recognized directly in equity, until the financial asset is derecognized or impaired, at which time, the cumulative gain or loss previously recognized in equity shall be recognized in the income statement.

Interest income calculated using the amortized cost method, and gains and losses arise from the foreign currency on monetary financial assets classified as available-for-sale financial investments shall be recognized in the income statement. Dividends resulted from the equity instruments classified as available-for-sale shall be recognized in the income statement when the entity's right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the bank establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants, if the bank could not assess the value of the equity classified as available for sale, these instruments should be measured at cost after deducting any impairment.

Debt instruments can be reclassified from the available for sale investments to "loans and receivables" or" financial assets held to maturity" using fair value – in certain circumstances - when the bank has the intention and ability to hold the instrument for the foreseeable future or till maturity. Reclassifications are recorded at fair value at the date of reclassification. Any related profits or losses that have been previously recognized in equity are treated as follows:

1. Financial assets with fixed maturity date, the gains or losses are amortized over the remaining lifetime of the held to maturity investment using the effective interest rate method, any difference between the value based on the amortized cost and the value based on maturity date is to be amortized over the remaining lifetime of the financial asset by using the effective interest rate method. In case of subsequent financial asset's impairment any profits or losses previously recognized in equity are recognized in profit and loss.

2. Profits and losses related to the financial assets without fixed maturity date are recorded in equity till selling or disposing it, and then they are recognized in profits and losses. In case of impairment, profits and losses that have been previously recognized directly in equity are recognized in the profit and loss.

   If the bank changes its estimates regarding payments or proceeds, the book value of a financial asset (or group of financial assets) has to be settled to reflect the actual cash flows and the adjusted estimates, provided that the book value is to be recalculated by calculating the present value of estimated future cash flow using the effective interest rate of the financial instrument. This settlement is recognized as either income or expense in the profit and loss.

   In all cases, if the bank re-classified financial asset in accordance with what is referred to above and the bank subsequently increase its future cash proceeds estimates resulted from an increase in the recoverable amount from its cash receipts, the impact of this increase is recognized as a settlement to the effective interest rate from the date of the change in estimate not as an adjustment in the book value of the asset at the date of change in estimate.

2-F Offsetting of Financial Assets and Financial Liabilities

Financial assets and liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.
Items of purchase agreements of treasury bills with the obligation to resell and sale agreement of treasury bills with the obligation to repurchase (repos and reverse reposes) are shown net in the balance sheet under the item of treasury bills.

2-G Financial Derivative Instruments and Hedge Accounting

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are determined based on quoted market prices in active markets, including recent market transactions, or 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.

Embedded derivatives in a hybrid contract, such as the conversion option in a convertible bond, are treated as separate derivatives when they meet the definition criteria of an independent derivative, their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement as part of "net trading income".

Embedded derivatives are not split if the bank chooses to classify the entire hybrid contact as at fair value through profit or loss.

The treatment of change in fair value gain or loss depends on whether the derivative is designated as a hedging instrument. According to the hedged item, the bank designates certain financial derivatives as either of the following:

- Hedging of the fair value of recognized assets or liabilities or firm commitments (fair value hedge).
- Hedging of the expected future cash flow related to an asset or liability or to an expected transaction (cash flow hedge).
- Hedging of the net investment in foreign transactions. (net investment hedge).

Hedge accounting is used for financial derivatives designated in a hedging relationship when certain criteria are met.

The bank performs the documentation of the relationship between the hedged items and the hedging instruments, at the initiation of the transaction, as well as its risk management objectives and strategy for undertaking various hedge transactions. The bank also documents its assessment, both at hedge initiation and on an ongoing basis, of whether the financial derivatives that are used in hedging transactions are effective in offsetting changes in fair values of hedged items.

2-G/1 Fair Value Hedge

Changes in the fair value of financial derivatives that are designated as hedging instrument and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Effective changes in 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 contacts and 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 the book value of a hedged item for which is accounted for using the amortized cost method should be amortized by charging it to profit or loss over the year to maturity. The adjustments made to the book value of the hedged equity instrument are included among the equity until they are disposed.

2-G/2 Cash Flow Hedge

For designated and qualifying cash flow hedges, the effective portion of the fair value of the hedging instrument is initially recognized directly in equity. The ineffective portion of the gain or loss on the hedging instrument is recognized immediately in 'net trading income'.

When the hedged cash flow affects the income statement, the gain or loss on the hedging instrument cumulated in the equity is recorded in the corresponding income or expense line of the income statement, The effective portion of the gain or loss on the forward exchange swap and options is recognized immediately in 'net trading income'.

When a hedging instrument expires, or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the equity at that time remains in the equity and is recognized when the hedged forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in the equity is immediately transferred to the income statement.

2-G/3 Hedge of Net Investments

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 recognized in the equity while any gains or losses relating to the ineffective portion are recognized 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 income statement.

2-G/4 Derivatives that do not Qualify For Hedge Accounting

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in the income statement under net trading income. However, gains and losses arising from changes in the fair value of financial derivatives that are managed in conjunction with designated financial assets or financial liabilities are included in "net income from financial instruments classified at initiation at fair value through profit or loss" in income statement under "net trading income".

2-H Day 1' Profit or Loss Recognition

The fair value for financial instruments traded in active markets at the date of transaction is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions). However, if it is inferred on the same date over the fair value of the instrument based on transaction prices in the published markets or by using valuation models. When the bank enters into transactions matures after long periods, the fair value is determined by using valuation models and may not all of its inputs are market prices or published markets rates and the initial recognition of these financial instruments at the transaction price, which is the best indicator of fair value, although the value that is obtained from the valuation model may be different, no immediate recognition of profit or loss from the difference between the transaction price and the amount of the output of the model, which is known as "Day 1 profit and loss" and is included in other assets in case of loss or other liabilities in the case of profit.
The deferred profit or loss recognition is determined case by case, either by amortizing over transaction life time or by the ability to determine the fair value of the tool using the declared markets inputs, or recognizing it at the transaction settlement, the instrument is measured subsequently and the bank immediately recognizes the difference between the transaction price and fair value in the income statement.

2-I Interest Income and Expense

Interest income and expense are recognized in the income statement under "Interest income on loans and similar income" item or "Interest expense on deposits and similar expense" by using the effective interest rate method of all financial instruments bearing interest except those classified as held for trading or which have been classified at initiation at fair value through profit and loss.

The effective interest rate 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 related instrument lifetime. The effective interest rate is the rate that exactly discounts estimated future cash flows payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net book value 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 of the contract that are an integral part of the effective interest rate, transaction costs includes any premiums or discounts.

When loans or debts are classified as non-performing or impaired, related interest income are not recognized but rather, are carried off balance sheet in statistical records and are recognized under revenues according to cash basis as per the following:

- When collected and after recovery of all arrears for retail loans, personal loans, real estate loans for personal housing and small loans for businesses.

- For loans granted to corporate, interest income is recognized on cash basis, the calculated interest is subsequently added to the loan according to loans' scheduling contract terms until the payment of 25% of the scheduling installments and a minimum of one year of being regular. In case the client is continuing in performing the payment, the calculated interest is added to the loan's balance without the marginal interest not included in the income until after the full repayment of the loan's balance in the balance sheet before the reschedule.

2-J Fees and Commission Income

Fees and commissions related to loan or advances are recognized as income when the service is rendered. Fees and commission income related to non-performing or impaired loans or debts are suspended and are carried off balance sheet and are recognized under income according to the cash basis when interest income is recognized in accordance with note (2 –I) above. Fees and commissions which represent an integral part of the financial asset's effective interest rate are recognized as adjustment to the effective interest rate in general.

Engagement fees on loans are to be postponed, if there is a probability that these loans will be withdrawn on the ground that these fees which the bank receives is a compensation for the constant intervention to acquire the financial instrument. Then they are recognized by amending the effective interest rate on the loan, when the period of Engagement comes to end without the bank's issuance of the loan then these fees are recognized within income at the expiry of the Engagement validity.

Fees and commissions related to debts instrument that are measured by its fair value are recognized as income at initial recognition. Fees and commissions related to promoting of syndicated loans are recognized as income when the promoting process is completed and the loan is fully used or the bank kept its share of the loan using the effective interest rate as used by the other participants.

Fees and commissions arising from negotiation, or participating in a negotiation to the favor of a third party as in share acquisition arrangements or purchase of securities or purchase or sale of businesses are recognized as income when the transaction is completed. Commissions and fees related to management advisory and other services are recognized as income usually based on a timely proportion basis over rendering of the service, Financial planning management fees and custody services fees, which are provided for long periods of time are recognized over the period in which the service is rendered.

2-K Dividend Income
Dividends are recognized in the profit and loss when the bank's right to receive those dividends is declared.

2-L Purchase and Resale Agreements and Sale and Repurchase Agreements
The financial instruments sold, by virtue of repurchase agreements, are shown under the assets by being added to the balance of treasury bills and other government notes in the balance sheet, while the liability (purchase and resale agreement) is shown in the balance sheet as being deducted from treasury bills and other government notes in the balance sheet. The difference between the sale price and repurchase price is recognized as a return due throughout the period of agreements, using the effective interest rate method.

2-M Impairment of Financial Assets

2-M/1 Financial Assets Carried at Amortized Cost
At each balance sheet date, the bank assesses whether there is objective evidence that any financial asset or group of financial assets has been impaired as a result of one or more events occurring since they were initially recognized (a "loss event") and whether that loss event has impacted the future cash flows of the financial asset or group of financial assets that 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.
- A breach of contract, such as a default or delinquency in interest or principal payments.
- It is becoming probable that the borrower will enter bankruptcy or financial re-organization.
- Deterioration of the competitive position of the borrower.
- The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider.
- Impairment in the value of collaterals.
- Deterioration in the creditworthiness of the borrower.

An objective evidence for impairment losses of group of the financial assets is the existence of clear information indicating a measurable decline in the expected future cash flows of such category since initial recognition though such decline is not identifiable for each individual asset, for example, the increase in failure payment cases for one of the bank products.

The bank estimates the period between identifying the loss event and its occurrence ranges from three to twelve months.

The bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant taking into consideration the following:

- In case there is no objective evidence that an impairment loss has been incurred on a financial asset considered individually, be it significant or not, the bank includes that financial asset in a group of financial assets having similar characteristics in terms of credit risk and tests the whole group for impairment according to historic default rates.
- A separate impairment test is made for a financial asset if there is objective evidence that this asset is impaired. If the impairment occurred then this asset will not be included in the group of assets which impairment losses are assessed on a collectively basis.
- If the result of the previous test did not recognize impairment loss, then this asset will be added to the group.

Impairment losses are measured by the difference between the asset's book value and the present value of expected future cash flows, excluding future expected credit losses not charged yet, discounted at the financial assets' original effective interest rate. This impairment is booked in the income statement as "impairment loss" and the book value of the financial asset is reduced by the impairment amount using "impairment loss provision".

If there is evidence that loan or investment held to maturity carry variable rate, the discount rate will be the contract effective interest rate when there is objective evidence that an impairment loss has been incurred. For practical purposes, the bank may measure the impairment losses using the fair value of the instrument through its quoted market prices for guaranteed financial assets present value for expected futures cash flow has to be considered in addition to the proceeds from sale of guarantee after deducting selling cost.

For the purposes of an estimation of impairment on aggregate level, financial assets are grouped on the basis of similar credit risk characteristics according to the bank classification taking into consideration type of asset, industry, geographical location, collateral, past-dues 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 amounts dues according to its contract terms for assets under study.

If historic default rates method is used for impairment estimation for a group of financial assets, future contractual cash flow will be used by the bank in future and the historical loss for a group of assets with similar credit risk characteristics are considered. Historical impairment loss rates are adjusted to reflect the effects of current circumstances that did not affect the period on which the historical impairment loss rates is based and to remove the effects of circumstances in the historical period that are not currently exist.

The bank has to ensure that the estimates of changes in future cash flows for groups of assets are in consistence with changes in relative data from period to period, such as , changes in unemployment rates, real estate prices, settlement status, or other factors that may indicates the probability and magnitude of losses in the group. The bank is conducting a periodic review of the methods and assumptions used to estimate future cash flows.

2-M/2 Available for sale Financial Assets
At each balance sheet date, the bank estimates if there is objective

evidence that impairment loss for an asset or a group of assets classified as available-for-sale or held to maturity is occurred. For listed equity instruments classified as available for sale investments, impairment is recognized if it's significant and a prolonged decline its price below its acquisition cost is observed.

The decline in value is considered significant for the equity instruments if it reaches 10% of the financial instrument's cost, and it is considered prolonged if it extends for a period of more than 9 months. When a decline in the fair value of an available for sale financial asset has been recognized directly in equity under fair value reserve and subsequent objective evidence of impairment emerges, the bank recognizes the total accumulated loss previously recognized in equity will be recognized in profit and loss. Impairment losses recognized on equity instruments on income statement are not subsequently reversed. Impairment losses recognized through income statement on debt instruments classified as available for sale are reversed through income statement if the price subsequently increased and this increase can be objectively related to an event occurring after the recognition of impairment loss in income statement.

2-N Investment Property
Investment property represents land and buildings owned by the bank and used to earn rental income or a capital appreciation. Investment property doesn't include properties used by the bank during its normal course of operation or these assets reverted to the bank in settlement of debts. The accounting policy for investment property is the same as for fixed assets.

2-O Intangible Assets

2-O/1 Computer Software
The expenses, related to upgrading or maintenance of computer software, are to be recognized as expenses in income statement, when incurred. The expenses connected directly with specific software and which are subject to the bank's control and expected to produce economic benefits exceeding their cost for more than one year, are to be recognized as an intangible asset. The direct expenses include staff cost of software upgrading teamwork, in addition to a suitable portion of respective overhead expenses.

The expenses which lead to increase or expansion of computer software beyond their original specifications are recognized as an upgrading cost and are added to the original software cost.

The computer software cost recognized as an asset shall be amortized over the period expected useful life not more than three years.

2-O/2 Other Intangible Assets
They represent the intangible assets other than the goodwill and the computer programs (such as, trademarks, patents and rental contracts returns).

The other intangible assets are recognized at its acquisition cost and amortized using the straight line method or according to the economic benefits expected to be gained by them over their usual lives. As for the assets with no determined useful lives, they are not to be amortized, but to be tested annually to determine whether there is impairment in its value. If there's impairment, it is charged to the income statement.

2-P Fixed Assets
They represent land and buildings related to head office, branches and offices, and all fixed assets are reported at historical cost minus depreciation and impairment losses. The historical cost includes the charges directly related to acquisition of fixed assets items.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the bank and the cost of the item can be measured reliably. Maintenance and repair expenses are charged to other operating expenses during the financial period in which they are incurred.
Land is not depreciated, depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings and constructions	40 - 50 years
Leasehold improvements	10 years or over the period of the lease if it's lower
Office furniture and safes	4 - 20 years
Typewriters, calculators and air conditions	4 - 5 years
Motor vehicles	5 - 7 years
Computers/core systems	4 - 5 years
Fixtures and fittings	5 - 10 years

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

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

2-Q Impairment of Non-Financial Assets
Assets having no fixed useful life, except for goodwill, shall not be amortized, and their impairment shall be tested at least annually. The impairment of amortized assets is studied to determine if there are events or changes in the circumstances indicating that the book value may not be recoverable.

The impairment loss is recognized by the excess amount of book value over the realizable value. The recoverable value represents net realizable value of the asset or the usage amount whichever is higher. For the purpose of estimating the impairment, the asset is grouped with the smallest cash generating unit. At each balance sheet date, non-financial assets with impairment has to be reviewed to determine if there is impairment reversal made to the income statement.

2-R Leases
The accounting treatment for the finance lease is in accordance with law 95 of year 1995, if the contract entitles the lessee to purchase the asset at a specified date and amount, and the contract term is more than 75% of the asset expected useful life, or the present value of the total lease payments represents at least 90% of the value of the asset then this lease is considered finance lease. Other than that the lease contracts has to be considered operating lease.

2-R/1 As a Lessee

Finance lease contracts recognize rent as expense in the period it occurred in profit and loss, including maintenance cost related to the leased assets. If the bank decides to exercise the rights to purchase the leased assets, the cost of this right will be capitalized over the fixed asset and depreciated over the assets' expected remaining useful life in accordance with similar assets.

Operating lease payments less any discounts granted to lessee is recognized as expenses in the income statement using the straight line method over the contract term.

2-R/2 As a Lessor

For assets leased financially, assets are recorded in the fixed assets in the balance sheet and depreciated over the expected useful life of this asset in the same manner as similar assets. Lease income is recognized on the basis of rate of return on the lease contracts in addition to an amount corresponding to the cost of depreciation for the period. The difference between the rental income recognized in the statement of income, and the total finance lease clients' accounts is transferred to the balance sheet until the expiration of the lease contract where it is used to offset with a net book value of the leased asset. Maintenance and insurance expenses are charged on the income statement when incurred to the extent they are not charged to the tenant.

In case there is objective evidence that the bank will not be able to collect all assets of financial lease debtors, it will be reduced to the recoverable amount.

Operating lease assets are accounted for at the fixed assets caption in the balance sheet and depreciated over the asset expected useful life using the same method applicable to similar assets. The lease rent income less any discount granted to the lessee will be recognized in the profit and loss using the straight line method over the contract term.

2-S Cash and Cash Equivalents

For the purposes of the cash flows statement, cash and cash equivalents include balances due within three months from date of acquisition, cash and balances due from the Central Bank of Egypt other than the mandatory reserve, and current accounts at banks, treasury bills, and other governmental notes.

2-T Other Provisions

Provisions for restructuring costs and legal claims are recognized when the bank has a present legal or constructive obligation as a result of past events; it is more likely than that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

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

Provisions no longer required are reversed in other operating income (expense).

Provisions are measured at the present value of the expected required expenditures to settle obligations after one year from balance sheet date using the appropriate rate in accordance with the terms of settlement ignoring the tax effect which reflects the time value of money. If the settlement term is less than one year the provision is booked using the present value unless time consideration has a significant effect.

2-U Financial Guarantees

The financial guarantees contracts are contracts issued by the bank as security for loans or overdrafts due from its customers to 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 maturity date and in accordance with debt instrument conditions. These financial guarantees are given to the banks, corporations and other entities on behalf of the bank's customers.

It's initially recognized at fair value including guarantee fees at the date of granting. Subsequently, the bank's obligation shall be measured by the value initially recognized less guarantee fees amortization which is recognized in the income statement on a straight line basis over the higher of the guarantee life term or over the best payment estimates required to settle the financial obligation resulted from the financial guarantee at the balance sheet date. These estimates are mainly based on management experience with similar transactions and historical losses.

Any increase in the obligations resulted from the financial guarantee, is recognized in "other operating income (expenses)" caption.

2-V/ Employees Benefits

Employee's Savings Program

The Bank manages its saving program for employees, and human resources department manage this program by identifying participation rates of 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 request. In the case of clearance the program, the bank is committed to settle the total savings program balances additional to the accrued interest for each employee had registered on the program at the clearance decision date. All calculated portions and interest included in liabilities which represents the maximum claims to the bank at this date.

2-X Income Taxes

The income taxes on the year's profits or losses include the tax of the current year and the deferred tax and they are recognized in the income statement with the exception of the income tax on the items of equity which is directly recognized within equity.

The income tax is recognized on the basis of the net profit subject to tax through the application of enacted tax rates at the date of preparing the balance sheet in addition to the tax adjustments related to previous years.

Deferred taxes are recognized from temporary timing differences between the book value of assets and liabilities according to accounting bases and their values according to tax bases. Deferred tax assets and liabilities are measured at the tax rates that expected to apply in the period in which the ability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting year.

The deferred tax assets are recognized when there is likelihood to achieve taxable profits in the future through which this asset can be utilized. The value of deferred tax assets is reduced by the portion which will not realize the expected taxable benefit in the coming years, in case of the increase in expected taxable benefits the deferred tax assets should be increased within the limit of previous reduction.

2-Y Borrowings

Loans obtained by the bank are recognized at initiation at fair value less the cost of obtaining the loan. Subsequently the loans are measured by amortized cost. The difference between net proceeds and the amount to be paid over the borrowing period using the effective interest rate is to be recognized to the income statement.

The fair value of the portion which represents a liability regarding, bonds convertible into shares is to be defined by applying the market equivalent rate of return of non- convertible bonds. This liability is recognized by the amortized cost method until conversion or maturity of bonds. The remaining proceeds are to be charged to the conversion option included within equity in net value after deduction of the income tax effect.

The preferred shares which either carry mandatory coupons, redeemed at a defined date or according to the shareholders' option are to be included within the financial liabilities and to be presented within the item of "Other loans". The dividends of these preferred shares are recognized in the income statement under "Interest expense on deposits and similar expenses" item, using the amortized cost method and by using the effective interest rate.

2-Z Capital

2-Z/1 Capital Issuance Cost

Issuance cost directly related to issuing new shares or issuing shares related to acquisition or share options is charged to equity of total proceeds net of tax.

2-Z/2 Dividends

Dividends are charged when declared by the General Assembly of shareholders. Those dividends include employees' share in the profits and the Board of Directors' remuneration as prescribed by the articles of association and law.

2-Z/3 Treasury Shares

When the bank purchases capital shares, the amount paid is deducted from the total equity representing the cost of the treasury shares until they are cancelled. In case these shares are sold or reissued in a subsequent period, the amounts collected are added to the equity.

2-AA Custodial Activities

The bank practices the custody activities that result in ownership or management of assets on behalf of individuals, trusts, and retirement benefit plans. These assets and related income are excluded from the bank's financial statements, as they are assets not owned by the bank.

2-AB Comparative Figures

The comparative figures shall be re-classified, when necessary, to be in conformity with the changes to presentation used in the current year.

3- Management of Financial Risk

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 analyzed, evaluated and managed together. The bank aims to achieve an adequate 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. The market risk comprises foreign currency exchange rates risk, interest rate risk and other pricing risks.

The risk management policies have been laid down to determine and analyze the risks, set limits to the risk and control them through reliable methods and updated systems. The bank regularly reviews the risk management policies and systems and amend them so they reflect the changes in market, products and services and the best updated applications.

Those risks are managed by risk department in the light of policies approved by Board of Directors. The risk department determines, evaluates and covers the financial risks, in collaboration with the bank's various operating units, and the Board of Directors provides written policies for management of 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 the financial derivative and non–derivative instruments. Moreover, the risk department is independently responsible for periodical review of risk management and control environment.

3-A Credit Risks

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 risks for the bank. The bank set specific procedures to manage that risk. The credit risk is in the lending and investments activities which are represented bank's assets contain debt instruments. The credit risk is also found in off balance sheet financial instruments, like loan commitment. The managing and monitoring process on credit risk is centralized at credit risk team management at credit risk department that prepare reports to Board of Directors and Head units on regular basis.

3-A/1 Credit Risk Measurement

Loans and advances to banks and customers

In measuring credit risk of loan and advances to customers and to banks, the bank examines the following three components:

- The 'probability of default' by the client or counterparty on its contractual obligations.
- Current position and its likely future development, from which the bank derive the 'Exposure at default'
- The 'loss given default'.

These credit risk measurements, which reflect expected loss (the 'expected loss model') and are required by the Basel Committee on Banking Regulations and the Supervisory Practices (the Basel Committee), are embedded in the bank's daily operational management. The operational measurements can be contrasted with impairment allowances required under IAS 26, which are based on losses that have been incurred at the balance sheet date (the 'incurred loss model') rather than expected losses (note 3-A/3).

The bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgment and are validated, where appropriate, by comparison with externally available data. Clients of the bank are segmented into four rating classes. The bank's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The bank regularly validates the performance of the rating and their predictive power with regard to default events.

Bank's internal ratings scale

Bank's rating	Description of the grade
1	Performing loans
2	Regular watch list
3	Special Watch list
4	Nonperforming loans

The amount of default represent the outstanding balances at the time when a late settlement occurred for example the loans expected amount of default represent its nominal value. For commitments, the default amount represents all actual withdrawals in addition to any withdrawals occurred till the date of the late payment if any.
Loss given default or loss severity represents the bank expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure and typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit mitigation.

Debt Instruments, Treasury Bills and other Bills

For debt instruments and other bills, external rating such as Standard and Poor's rating or their equivalents are used by the bank for managing of the credit risk exposures. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

3-A/2 Risks Limitation and Mitigation Policies

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

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

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

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

The following are other controls used by the bank to limit the credit risk:

Collaterals

The bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgage
- Mortgage business assets as machines and goods.
- Mortgage financial instruments such as debt securities and equity instruments.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimize the credit loss the bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other governmental notes are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

Derivatives

The bank maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favorable to the bank (i.e., assets where their fair value is positive), which in relation to financial derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the bank requires margin deposits from counterparties.

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

Master Netting Arrangements

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

Credit-Related Commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the bank on behalf of a customer authorizing a third party to draw drafts on the bank up to a stipulated amount under specific terms and conditions – are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

3-A/3 Impairment and Provisioning Policies

The internal rating systems described in note (3-A/1) focus more on credit-quality at the inception of lending and investment activities. Otherwise, impairment recognized at the balance sheet date for financial reporting purposes are losses that have been incurred and based on objective evidence of impairment as will be mentioned below. Due to the different methodologies applied, the amounts of incurred credit losses charged to the financial statements are usually lower than the expected amount determined by the expected loss models used at 31 December 2015 for Central Bank of Egypt's regulations (note 3-A/4).

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

Bank's rating	31 December 2015		31 December 2014	
	Loans and advances %	Allowance for impairment loss %	Loans and advances %	Allowance for impairment loss %
Performing loans	78	26	78	22
Regular watching	19	8	18	6
Watch list	1	1	-	-
Non-performing loans	2	65	4	72
	100 %	100 %	100 %	100 %

The bank's internal rating assists management to determine whether objective evidence of impairment exists under Egyptian Accounting Standard no. 26, based on the following criteria set out by the bank:

- Significant financial difficulty of the issuer or obligor.
- A breach of contract, such as a default or delinquency in interest or principal payments.
- It is becoming probable that the borrower will enter bankruptcy or financial re-organization.
- Deterioration of the competitive position of the borrower.
- The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider.
- Impairment in the value of collaterals.
- Deterioration in the creditworthiness of the borrower.

The bank policies require review of all financial assets (that exceed specific materiality) at least once a year or more when required, the impairment loss is determined on individual basis by determining case by case actual losses. These policies applied on all accounts have specific materiality on individual basis. 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 group of similar assets using the historical experience available, personal judgment and statistical methods.

3-A/4 General Model for Measurement of Banking Reserve

In addition to the four categories of credit rating indicated in note (3-A/1), the management makes more detailed groups in accordance with the Central Bank of Egypt requirements. Assets exposed to credit risk in these categories are classified according to detailed conditions and terms depending on information related to the customer, it's activity, financial position and payment schedules.

The bank calculates the provisions required for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by Central Bank of Egypt. In case, the provision required for impairment losses as per Central Bank of Egypt regulations exceeds the provision required for financial statements preparation purposes according to the Egyptian Accounting Standards, this increase shall be debited from the retained earnings and credited to the "general banking risk reserve" under the equity caption. This reserve is regularly adjusted with this increase and decrease, to equal the amount of increase between the two provisions. This reserve is not distributable. note (32-B) shows the "general banking risk reserve" movement during the financial year.

Below is a statement of credit rating for firms as per internal valuation basis compared to Central Bank of Egypt valuation basis and the percentages of provisions required for impairment of assets exposed to credit risk.

CBE rating	Description	Required Provision %	Internal Rating	Internal Description
1	Low risk	0	1	Good debts
2	Moderate risks	1%	1	Good debts
3	Satisfactory risks	1%	1	Good debts
4	Appropriate risks	2 %	1	Good debts
5	Acceptable risks	2 %	1	Good debts
6	Marginally acceptable risks	3 %	2	Normal watch list
7	Watch list	5 %	3	Special watch list
8	Substandard debts	20 %	4	Non-performing loans
9	Doubtful debts	50 %	4	Non-performing loans
10	Bad debts	100 %	4	Non-performing loans

3-A/5 Maximum Limit for Credit Risk Before Collaterals

	31 December 2015 EGP	31 December 2014 EGP
Balance sheet items exposed to credit risks		
Treasury bills and other governmental notes	5 084 839 764	7 255 705 188
Loans and advances to banks	66 156 886	144 442 886
Loans and advances to customers		
Retail loans (net):		
- Credit cards	428 058 017	316 064 356
- Personal loans	3 131 937 308	2 290 658 654
- Overdrafts	638 682 242	394 443 169
- Real estate loans	132 443 374	42 016 776
Corporate loans (net):		
- Overdrafts	6 670 083 311	5 032 532 804
- Direct loans	2 808 144 602	1 721 399 128
- Syndicated loans	4 281 989 275	2 568 356 591
- Other loans	365 078 775	269 250 321
Financial investments:		
- Debt instruments	7 037 969 099	4 804 935 642
Total	30 645 382 653	24 839 805 515
Off-balance sheet items exposed to credit risk*		
Loans commitments and other irrevocable credit commitments	473 395 690	466 240 060
Letters of credit- import	300 872 891	380 545 905
Letters of guarantee	2 154 717 120	1 662 438 339
Debtors by acceptances	81 594 169	212 553 859
Total	3 010 579 870	2 721 778 163

*Note (34-C).

- The above table represents the maximum limit of exposed credit risk as of 31 December 2015 and 31 December 2014, without taking into considerations any collateral. For on-balance-sheet items, amounts stated depend on net carrying amounts shown in the balance sheet.

As shown in the preceding table, 60% of the total maximum limit exposed to credit risk resulted from loans and advances to customers and banks at 31 December 2015 against 51% at 31 December 2014, while investment in debt instruments represents 23% against 19% at 31 December 2014.

The management is confident of its ability to maintain control on an ongoing basis and maintain the minimum credit risk resulting from loan and advances, and debt instruments as follows:

- 97% of the loans and advances portfolio is classified at the highest two ratings in the internal rating at 31 December 2015 against 96% at 31 December 2014.
- 72% of the loans and advances portfolio having no past dues or impairment indicators at31 December 2015 against 91% at 31 December 2014.
- Loans and advances subject to impairment have been evaluated on an individual basis of total amount EGP 247 080 312 at 31 December 2015 against EGP 324 829 066 at 31 December 2014, there is an impairment less than 75% against 67% at 31 December 2014
- As a result, the impairment loss charged to the statements of income at 31 December 2015 by the amount of EGP 12 871 609 on an individual basis against EGP 19 888 964 at31 December 2014.
- The bank has applied more strict granting operations when granting loans and advances during the financial year ended as of 31

- December 2015.
- Investments in debt instruments and treasury bills contain more than 97% at 31 December 2015 against 94% at 31 December 2014 due from the Egyptian Government.

3-A/6 Loans and advances

Loans and advances are summarized according to the credit worthiness as follows:

	31 December 2015 Loans and advances to customers EGP	31 December 2014 Loans and advances to customers EGP
Neither past dues nor impaired	13 435 144 150	11 758 063 732
Past dues but not impaired	5 059 869 128	850 443 735
Subject to impairment	274 014 867	347 538 495
Total	18 769 028 145	12 956 045 962
Less: Allowance for credit loss	(312 611 241)	(321 324 163)
Net	18 456 416 904	12 634 721 799

- The bank's total impairment loss for loans and advances amounted to EGP 312 611 241 at 31 December 2015 against EGP 321 324 163 at 31 December 2014 includes EGP 199 987 839 against EGP 230 284 801 at 31 December 2014 representing impairment of individual loans and the remaining amounting to EGP 112 623 402 against EGP 91 039 362 at 31 December 2014 representing collective impairment on a group basis for the credit portfolio. Note (19) includes additional information regarding impairment loss on loans and advances to customers.

- The bank's portfolio increased by 46% during the year in comparison with the financial year ended as at 31 December 2014 due to expanding the granting activities, especially in Arab Republic of Egypt. To reduce the possible exposure to the credit risks, the bank concentrates on dealing with large institutions or banks or individuals of credit worthiness.

- **Loans and advances neither having past dues nor subject to impairment**
  The credit quality of the loans and advances portfolio that are neither having past dues nor subject to impairment are determined by the internal rating of the bank.

Loans and Advances to Customers (Net)

31 December 2015

(EGP)

Rating	Retail				Corporate			
	Credit cards	Personal loans	Overdraft accounts	Real estate loans	Overdrafts and direct loans	Syndicated loans	Other loans	Total loans and advances to customers
Good loans	402 083 347	2 829 399 665	641 300 738	127 996 088	5 697 769 954	1 054 723 164	289 846 483	11 043 119 439
Normal watch list	--	--	--	--	1 602 065 278	652 752 373	69 586 974	2 324 404 625
Special watch list	--	--	--	--	67 620 086	--	--	67 620 086
Total	402 083 347	2 829 399 665	641 300 738	127 996 088	7 367 455 318	1 707 475 537	359 433 457	13 435 144 150

Guaranteed loans are not considered subject to impairment for the non-performing category after taking into consideration the collectability of the guarantees.

Loans and Advances to Customers (Net)

31 December 2014

(EGP)

Rating	Retail				Corporate			
	Credit cards	Personal loans	Overdraft accounts	Real estate loans	Overdrafts and direct loans	Syndicated loans	Other loans	Total loans and advances to customers
Good loans	295 811 224	2 067 273 568	396 639 953	37 844 830	5 014 504 891	1 822 101 469	225 058 915	9 859 234 850
Normal watch list	--	--	--	--	1 111 213 977	739 080 433	47 336 547	1 897 630 957
Special watch list	--	--	--	--	1 197 925	--	--	1 197 925
Total	295 811 224	2 067 273 568	396 639 953	37 844 830	6 126 916 793	2 561 181 902	272 395 462	11 758 063 732

Guaranteed loans are not considered subject to impairment for the non-performing category after taking into consideration the collectability of the guarantees.

- Loans and advances which have past dues but are not subject to impairment

Loans and advances having past due until 90 days but not considered subject to impairment, unless there is information to the contrary. Loans and advances having past due, and not subject to impairment are as follows:

31 December 2015	Retail			Corporate		Net loans and facilities to customers
	Credit cards	Personal loans	Real estate loans	Overdrafts and direct loans	Syndicated loans	
Past dues up to 30 days	17 979 164	206 608 972	1 984 646	2 223 024 239	--	2 449 597 021
Past dues from 30 to 60 days	5 510 754	64 810 220	2 487 874	83 425 604	--	156 234 452
Past dues from 60 to 90 days	2 903 636	22 427 708	--	1 841 368 437	587 337 874	2 454 037 655
Total	26 393 554	293 846 900	4 472 520	4 147 818 280	587 337 874	5 059 869 128
Fair value of collateral	683 281	26 578 252	--	--	--	27 261 533

31 December 2014	Retail		Corporate		Net loans and facilities to customers
	Credit cards	Personal loans	Real estate loans	Overdrafts and direct loans	
Past dues up to 30 days	14 288 773	147 051 851	4 176 369	35 578 597	201 095 590
Past dues from 30 to 60 days	4 391 788	52 199 244	--	222 283 307	278 874 339
Past dues from 60 to 90 days	2 252 517	15 389 801	--	352 831 488	370 473 806
Total	20 933 078	214 640 896	4 176 369	610 693 392	850 443 735
Fair value of collateral	656 647	19 683 572	--	354 256 243	354 256 243

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

- Loans and advances subject to impairment

- **Loans and advances to customers (individual)**

Loans and advances subject to impairment – corporate individual before taking into consideration cash flows from guarantees amounted to EGP 247 080 312 at 31 December 2015 against EGP 324 825 066 at 31 December 2014.

The breakdown of the total loans and advances subject to individual impairment including fair value of collateral obtained by the bank are as follows:

Valuation	Retail			Corporate		Total
	Credit cards	Personal loans	Real estate loans	Overdrafts and direct loans	Syndicated loans	
31 December 2015						
Individual loans which are subject to impairment	3 329 296	23 605 259	--	201 721 347	45 358 965	274 014 867
Fair value of collateral	--	--	--	20 750 511	--	20 750 511
31 December 2014						
Individual loans which are subject to impairment	2 608 160	20 105 269	--	324 825 066	--	347 538 495
Fair value of collateral	--	--	--	12 018 750	--	12 018 750

-Restructured loans and advances

Restructuring activities include renegotiating in terms of payments terms extension, restructure of mandatory management policies, and adjusting and postpone repayment terms. Restructuring policies depend on indicators or standards in addition to the management personal judgment to show that regular payments are of high probability. These policies are subject to regular review. Long-term loans, especially loans to customers are usually subject to restructuring. The renegotiated loans amounted to EGP 678 963 688 as of 31 December 2015 against EGP 566 218 363 as of 31 December 2014.

	31 December 2015	31 December 2014
	EGP	EGP
Loans and advances to customers		
Corporate		
Direct loans	678 963 688	566 218 363
Total	678 963 688	566 218 363

3-A/7 Debt Instruments, Treasury Bills and Other Governmental Notes

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 2015.

	Treasury bills and other governmental notes	Investments in securities	Total
	EGP	EGP	EGP
AAA to AA-	--	39 344 276	39 344 276
A-to A+	--	243 240 351	243 240 351
Less than A-	5 084 839 764	6 723 568 561	11 808 408 325
Not classified	--	31 815 910	31 815 910
Total	5 084 839 764	7 037 969 098	12 122 808 862

3-A/8 Concentration of Financial Assets Exposed to Credit Risk

Geographical segment:

The following table represents an analysis of the most important credit risk exposure for the bank at book value, distributed according to the geographic segment at 31 December 2015, upon preparing this table, risk exposures have been distributed on the geographic segments according to the areas related to the bank customers.

(EGP)

31 December 2015	Egypt Cairo	Egypt Alexandria, Delta and Sinai	Egypt Total	Gulf countries	Other countries	Total
Financial Asset						
Treasury bills and other governmental notes	5 084 839 764	--	5 084 839 764	--	--	5 084 839 764
Loans and advances to banks	--	--	--	734 843	65 422 043	66 156 886
Loans and advances to customers						
Retail loans						
Overdrafts	498 966 129	142 334 609	641 300 738	--	--	641 300 738
Credit cards	366 702 435	65 103 763	431 806 198	--	--	431 806 198
Personals loans	2 590 306 801	556 545 024	3 146 851 825	--	--	3 146 851 825
Real estate loans	129 849 263	2 619 345	132 468 608	--	--	132 468 608
Corporate loans						
Overdrafts	5 589 463 812	1 188 598 565	6 778 062 377	--	61 569 645	6 839 632 022
Direct loans	2 712 056 535	170 485 634	2 882 542 169	--	--	2 882 542 169
Syndicated loans	3 801 749 392	53 682 449	3 855 431 841	343 284 885	127 013 595	4 325 730 321
Other loans	368 696 268	--	368 696 268	--	--	368 696 268
Financial derivatives	60 531	--	60 531	--	--	60 531
Financial investments						
Debt financial instruments	6 709 003 872	--	6 709 003 872	282 584 627	46 380 600	7 037 969 099
Other assets	664 428 554	9 379 233	673 807 787	6 210 313	4 404 292	684 422 392
Total at 31 December 2015	28 516 123 356	2 188 748 622	30 704 871 978	632 814 668	304 790 175	31 642 476 821
Total at 31 December 2014	21 242 472 029	3 206 775 388	24 449 247 417	922 214 226	245 902 891	25 617 364 534

(EGP)

31 December 2014	Egypt Cairo	Egypt Alexandria, Delta and Sinai	Egypt Total	Gulf countries	Other countries	Total
Financial Assets						
Treasury bills and other governmental notes	7 255 705 188	--	7 255 705 188	--	--	7 255 705 188
Loans and advances to banks	99 525 986	--	99 525 986	1 737 634	43 179 266	144 442 886
Loans and advances to customers						
Retail loans						
Overdrafts	316 699 171	79 940 782	396 639 953	--	--	396 639 953
Credit cards	269 841 160	49 511 302	319 352 462	--	--	319 352 462
Personals loans	1 901 305 253	400 714 479	2 302 019 732	--	--	2 302 019 732
Real estate loans	42 021 199	--	42 021 199	--	--	42 021 199
Corporate loans						
Overdrafts	4 193 024 775	960 660 823	5 153 685 598	--	61 597 939	5 215 283 537
Direct loans	92 925 729	1 708 867 020	1 801 792 749	--	--	1 801 792 749
Syndicated loans	2 191 714 105	--	2 191 714 105	317 734 450	97 092 312	2 606 540 867
Other loans	272 395 463	--	272 395 463	--	--	272 395 463
Financial derivatives	277 639	--	277 639	3 532	4 268	285 439
Financial investments						
Debt financial instruments	4 169 099 054	--	4 169 099 054	592 567 582	43 269 006	4 804 935 642
Other assets	437 937 307	7 080 982	445 018 289	10 171 028	760 100	455 949 417
Total at 31 December 2014	21 242 472 029	3 206 775 388	24 449 247 417	922 214 226	245 902 891	25 617 364 534
Total at 31 December 2013	16 974 323 511	1 285 595 194	18 259 918 705	948 251 489	476 126 507	19 684 296 701

Business Segments

The following table represents analysis of the most important credit risk exposure limit for the bank at book value distributed according to the business segment of bank's customers.

31 December 2015	Financial institutions	Industrial institutions	Real estate activity	Whole sale and retail trade	Governmental sector	Other activities	Individuals	(EGP) Total
Financial Asset								
Treasury bills and other governmental notes	--	--	--	--	5 084 839 764	--	--	5 084 839 764
Loans and advances to banks	66 156 886	--	--	--	--	--	--	66 156 886
Loans and advances to customers								
Retail loans								
Overdrafts	--	--	--	--	--	--	641 300 738	641 300 738
Credit cards	--	--	--	--	--	--	431 806 198	431 806 198
Personals loans	--	--	--	--	--	--	3 146 851 825	3 146 851 825
Real estate loans	--	--	--	--	--	--	132 468 608	132 468 608
Corporate loans								
Overdrafts	191 404 836	2 932 253 467	1 277 501 011	1 615 119 407	306 309 096	517 044 205	--	6 839 632 022
Direct loans	719 705 530	1 398 485 098	423 162 548	145 595 864	--	195 593 129	--	2 882 542 169
Syndicated loans	74 569 267	1 388 483 234	676 439 453	--	1 778 791 495	407 446 872	--	4 325 730 321
Other loans	--	55 000 079	--	237 045 098	45 868 366	30 782 725	--	368 696 268
Financial derivatives	27 400	33 131	--	--	--	--	--	60 531
Financial investments								
Debt instruments	360 781 138	--	--	--	6 677 187 961	--	--	7 037 969 099
Other assets	10 432 021	4 540 444	8 513 503	789 818	301 409 276	326 836 638	31 900 692	684 422 392
Total at 31 December 2015	1 423 077 078	5 778 795 453	2 385 616 515	1 998 550 187	14 194 405 958	1 477 703 569	4 384 328 061	31 642 476 821
Total at 31 December 2014	1 018 969 543	4 554 046 199	1 757 906 859	1 588 718 026	12 471 002 946	1 144 571 008	3 082 149 953	25 617 364 534

31 December 2014	Financial institutions	Industrial institutions	Real estate activity	Whole sale and retail trade	Governmental sector	Other activities	Individuals	(EGP) Total
Financial Asset								
Treasury bills and other governmental notes	--	--	--	--	7 255 705 188	--	--	7 255 705 188
Loans and advances to banks	144 442 886	--	--	--	--	--	--	144 442 886
Loans and advances to customers								
Retail loans								
Overdrafts	--	--	--	--	--	--	396 639 953	396 639 953
Credit cards	--	--	--	--	--	--	319 352 462	319 352 462
Personals loans	--	--	--	--	--	--	2 302 019 732	2 302 019 732
Real estate loans	--	--	--	--	--	--	42 021 199	42 021 199
Corporate loans								
Overdrafts	22 570 018	2 516 157 780	1 043 332 228	1 131 305 842	75 974 464	425 943 205	--	5 215 283 537
Direct loans	450 432 507	799 145 457	201 959 873	137 817 606	30 702 430	181 734 876	--	1 801 792 749
Syndicated loans	--	1 023 748 961	504 467 342	293 835 839	661 294 531	123 194 194	--	2 606 540 867
Other loans	--	198 663 956	--	20 128 562	35 248 113	18 354 832	--	272 395 463
Financial derivatives	11 699	273 740	--	--	--	--	--	285 439
Financial investments								
Debt instruments	395 699 931	--	--	--	4 269 830 498	139 405 213	--	4 804 935 642
Other assets	5 812 502	16 056 305	8 147 416	5 630 177	142 247 722	255 938 688	22 116 607	455 949 417
Total at 31 December 2014	1 018 969 543	4 554 046 199	1 757 906 859	1 588 718 026	12 471 002 946	1 144 571 008	3 082 149 953	25 617 364 534
Total at 31 December 2013	1 097 473 655	3 661 435 886	1 588 086 040	1 489 839 127	8 402 630 315	1 089 091 461	2 355 740 217	19 684 296 701

3-B Market Risk

The bank exposed to market risks which is the risk that the fair value or future cash flow fluctuation resulted from changes in market prices. Market risks arise from open positions related to interest rate, currency, and equity products of which each is exposed to the general and specific market movements and changes in sensitivity levels of market rates or prices such as interest rates, foreign exchange rates and equity instruments prices. The Bank separates its exposure to market risk into trading and non-trading portfolios.
Bank risk division is responsible for managing the market risks arising from trading and non-trading activities of which monitored by two separate teams. Regular reports are submitted to the Board of Directors and each business unit head.

Trading portfolios includes transactions where the bank deals direct with clients or with the market; non-trading portfolios primarily arise from managing assets and liabilities interest rate relating to retail transactions. These non-trading portfolios include foreign exchange risk and equity instruments risks arising from the bank's held-to-maturity and available-for-sale investments portfolios.

3-B/1 Methods of Measuring Market Risks and Defining Approval Limits

As part of market risk management, the bank undertakes various hedging strategies (note 2/G) and enters into swaps to match the interest rate risk associated counter balance with the fixed-rate long-term loans if the fair value option been applied. The major measurement techniques used to measure and control market risk are outlined below:

Value at Risk

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

VAR is a statistical estimation of the expected losses on the current portfolio from adverse market movements in which it represents the 'maximum' amount the bank expect to lose using confidence level (98%). Therefore there is statistical probability of (2%) that actual losses could be greater than the VAR estimation. The VAR module assumes that the holding period is ten days before closing the opening positions. It also assumes that market movements during the holding period will be the same as ten days before. The bank's assessment of past movements is based on data for the past five years. The bank applies these historical changes in rates prices indicators. directly to its current positions - this approach 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 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 values exposed to market risk are compared to the limits established by the bank and reviewed by the bank risk division. The average daily VAR for the Bank during the current year was EGP 124 thousands against EGP 129 thousands during 31 December 2014. The quality of the VAR model is continuously monitored through examining the VAR results for trading portfolio and results are reported to the top management and Board of Directors.

Stress Testing

Stress testing provides an indicator of the expected losses that may arise from sharp adverse circumstances. Stress testing are designed to match business using standard analysis for specific scenarios. The stress testing carried out by the bank risk division. Stress testing include: risk factor stress testing where sharp movements are applied to each risk category and test emerging market stress, as emerging market portfolios are subject to sharp movements; and subject to special stress including possible stress events to specific positions or regions - for example the stress outcome to a region applying a free currency rate. The results of the stress testing are reviewed by top management and Board of Directors.

3-B/2 Value at Risk Summary
Total value at risk according to risk type

	EGP (000)					
	12 months till 31 December 2015			12 months till 31 December 2014		
	Average	High	Low	Average	High	Low
Foreign exchange risk	124	261	37	129	490	28
Total value at risk	124	261	37	129	490	28

Trading portfolio value at risk by risk type

	EGP (000)					
	12 months till 31 December 2015			12 months till 31 December 2014		
	Average	High	Low	Average	High	Low
Foreign exchange risk	124	261	37	129	490	28
Total value at risk	124	261	37	129	490	28

3-B/3 Foreign Exchange Fluctuations Risk

The bank is exposed to foreign exchange rate fluctuations risk in terms of the Balance sheet and cash flows. The Board of Directors set limits for foreign exchange with the aggregate value for each position at the end of the day, and during the day which is controlled on timely basis. The following table summarizes the bank's exposure to foreign exchange fluctuations risk at 31 December 2015. The following table includes the carrying amounts of the financial instruments in their currencies:

31 December 2015	EGP	USD	EURO	GBP	Other Currencies	Total
Financial Assets						
Cash and due from Central bank of Egypt	2 097 120 765	37 332 665	13 644 871	5 699 220	4 888 058	2 158 685 579
Due from banks	213 264 664	2 638 548 257	329 492 080	41 822 610	7 350 465	3 230 478 076
Treasury bills and other governmental notes	5 084 839 764	--	--	--	--	5 084 839 764
Loans and advances to banks	66 156 886	--	--	--	--	66 156 886
Loans and advances to customers	13 463 497 081	4 775 938 080	213 605 181	3 355 804	20 763	18 456 416 909
Financial derivatives	60 531	--	--	--	--	60 531
Financial investments						
Available for sale	6 719 437 917	330 743 151	--	--	--	7 050 181 068
Held to maturity	10 000 000	--	--	--	--	10 000 000
Other financial assets	399 809 288	24 366 749	149 603	448	212	424 326 300
Total financial assets	28 054 186 896	7 806 928 902	556 891 735	50 878 082	12 259 498	36 481 145 113
Financial liabilities						
Due to banks	4 606 615	1 189 818	--	1 430 765	--	7 227 198
Customer deposits	26 357 243 490	5 010 521 930	611 965 415	61 716 291	10 330 860	32 051 777 986
Other loans	--	1 623 321 000	--	--	--	1 623 321 000
Financial derivatives	684 810	--	--	--	--	684 810
Other financial liabilities	320 501 552	22 467 586	468 572	51 346	4 741	343 493 797
Total financial liabilities	26 683 036 467	6 657 500 334	612 433 987	63 198 402	10 335 601	34 026 504 791
Net on financial position	1 371 150 429	1 149 428 568	(55 542 252)	(12 320 320)	1 923 897	2 454 640 322
Commitments related to credit	408 934 956	64 460 734	--	--	--	473 395 690
31 December 2014						
Total financial assets	23 441 525 124	6 052 108 892	450 139 398	48 974 232	10 296 492	30 003 044 138
Total financial liabilities	22 076 238 387	5 268 967 654	447 704 855	60 924 966	8 831 747	27 862 667 609
Net financial position	1 365 286 737	783 141 238	2 434 543	(11 950 734)	1 464 745	2 140 376 529

3-B/4 Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of such changes but may profit decrease in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken which is monitored daily by bank risk division.

The table below summarizes the bank's exposure to interest rate risks. It includes the bank's financial instruments at carrying amounts categorized by the earlier of re-pricing or maturity dates:

31 December 2015	Up to one month	1 to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	Non-bearing interest	(EGP) Total
Financial Asset							
Cash and due from Central Bank of Egypt	--	--	--	--	--	2 158 685 579	2 158 685 579
Due from banks	2 040 468 398	724 642 764	189 523 500	--	--	275 843 414	3 230 478 076
Treasury bills and other governmental notes	442 658 869	2 097 229 244	2 544 951 651	--	--	--	5 084 839 764
Loans and advances to customers	2 130 646 825	10 040 534 454	3 313 052 841	2 926 680 034	124 953 233	*(79 450 483)	18 456 416 904
Loans and advances to banks	1 710 599	2 600 585	37 143	--	61 840 800	** (32 241)	66 156 886
Financial derivatives	57 344	3 187	--	--	--	--	60 531
Financial investments							
Available for sale	797 910	7 894 212	--	5 015 269 057	2 023 752 580	2 467 309	7 050 181 068
Held to maturity	--	--	--	--	--	10 000 000	10 000 000
Other financial assets	--	--	--	--	--	424 326 300	424 326 300
Total financial assets	4 616 339 945	12 872 904 446	6 047 565 135	7 941 949 091	2 210 546 613	2 791 839 878	36 481 145 108
Financial liabilities							
Due to banks	--	--	--	--	--	7 227 198	7 227 198
Customers' deposits	5 873 860 415	5 814 569 730	11 239 809 042	6 581 280 039	49 213 000	2 493 045 760	32 051 777 986
Financial derivatives	510 619	174 191	--	--	--	--	684 810
Other loans	231 903 000	618 408 000	773 010 000	--	--	--	1 623 321 000
Other financial liabilities	--	--	--	--	--	343 493 797	343 493 797
Total financial liabilities	6 106 274 034	6 433 151 921	12 012 819 042	6 581 280 039	49 213 000	2 843 766 755	34 026 504 791
Re -pricing gap	(1 489 934 089)	6 439 752 525	(5 965 253 907)	1 360 669 052	2 161 333 613	(51 926 877)	2 454 640 317
31 December 2014							
Total financial assets	4 939 963 719	9 554 978 695	6 968 446 925	5 483 325 212	1 139 947 907	1 916 381 680	30 003 044 138
Total financial liabilities	5 716 447 049	5 653 739 308	8 376 842 307	5 566 879 320	38 529 000	2 510 230 625	27 862 667 609
Re-pricing gap	(776 483 330)	3 901 239 387	(1 408 395 382)	(83 554 108)	1 101 418 907	(593 848 945)	2 140 376 529

*The amount EGP (79 450 483) representing the advanced commissions and interests amortized through loans to customers' life time.
**The amount EGP (32 241) representing the advanced commissions and interests amortized through loans to banks' life time.

3-C Liquidity Risk

Liquidity risk represents difficulty encountering the bank in meeting its financial commitments when they fall due and replace funds when they are withdrawn. This may results in failure in fulfilling the bank obligation to repay to the depositors and fulfilling lending commitments.

Liquidity Risk Management

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

- Daily funding managed by monitoring future cash flows to ensure that all requirements can be met when due. This includes availability of liquidity as they due or to be borrowed to customers. To ensure that the bank reaches its objective, the bank maintains an active presence in global money markets.
- The bank maintains a portfolio of highly marketable and diverse assets that assumed to be easily liquidated in the event of an unforeseen interruption of cash flow.
- Monitoring liquidity ratios compared to the internal requirements and Central Bank of Egypt requirements.
- Managing loans concentration and dues.

The main period for liquidity management is the next day, week and month. The bank calculates the expected cash flow for those periods for monitoring and reporting purposes. The starting point to calculate these expectations is analyzing the financial liabilities dues and expected financial assets collections.

Credit risk department monitors the mismatch between medium term assets, the level and nature of unused loans limits, overdraft utilizations, and the effect of contingent liabilities such as letters of guarantees and letters of credit.

Funding Approach

Sources of liquidity are regularly reviewed by bank risk division to maintain a wide diversification by currency, geography, source, products, and terms.

Non Derivative Cash Flows

The table below presents the cash flows payable by the bank under non-derivative financial liabilities by remaining contractual maturities at and the maturities assumption for non-contractual products on the basis of their behavior studies of balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the bank manages the inherent liquidity risk based on expected undiscounted and un- contractual cash inflows:

Non Derivative Cash Flows Table

31 December 2015 Financial liabilities	Up to one month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year up to 5 years	More than 5 years	Total (EGP)
Due to banks	7 227 198	--	--	--	--	7 227 198
Customers' deposits	9 438 805 816	6 023 489 992	9 881 844 465	6 642 707 636	64 930 077	32 051 777 986
Other loans	--	--	--	1 159 515 000	463 806 000	1 623 321 000
Other liabilities and financial derivatives	3 800 078	325 324 867	1 056 766	13 996 896	--	344 178 607
Total of financial liabilities according to contractual maturity date	9 449 833 092	6 348 814 859	9 882 901 231	7 816 219 532	528 736 077	34 026 504 791
Total of financial assets according to contractual maturity date	13 092 929 199	3 175 426 902	9 841 220 219	9 559 753 049	811 815 744	36 481 145 113

31 December 2014 Financial liabilities	Up to one month	More than 1 month up to 3 months	More than 3 months up to 1 year (EGP)	More than 1 year up to 5 years	More than 5 years	Total
Due to banks	174 125 867	--	--	--	--	174 125 867
Customers' deposits	7 992 229 214	6 083 420 830	7 493 386 834	5 569 230 312	44 274 115	27 182 541 305
Other loans	214 203 000	--	--	--	--	214 203 000
Other liabilities and financial derivatives	592 676	282 281 793	768 216	8 154 752	--	291 797 437
Total of financial liabilities according to contractual maturity date	8 381 150 757	6 365 702 623	7 494 155 050	5 577 385 064	44 274 115	27 862 667 609
Total of financial assets according to contractual maturity date	10 322 310 295	3 118 795 430	9 186 807 941	7 126 396 383	248 734 089	30 003 044 138

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 facilities to banks, and loans and facilities to customers. In the normal course of business, a 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 would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources.

Derivatives Settled in Aggregate

The bank's financial derivatives that will be settled in gross basis include:
Foreign exchange derivatives: Future currency options, exchange trade currency options.
The table below analyses the bank's derivative financial liabilities that will be settled in aggregate into relevant maturity groupings 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 2015 Derivatives held for trading	Up to one month	More than 1 month up to 3 months	More than 3 months up to 1 year	Total (EGP)
Forward foreign exchange contracts:				
- Cash outflows	101 573 410	6 037 648	--	107 611 058
- Cash inflows	101 120 135	5 866 644	--	106 986 779
Total Cash Outflows*	101 573 410	6 037 648	--	107 611 058
Total Cash inflows	101 120 135	5 866 644	--	106 986 779

*Note no. (20)

31 December 2014 Derivatives held for trading	Up to one month	More than 1 month up to 3 months	More than 3 months up to 1 year	Total (EGP)
Forward foreign exchange contracts:				
- Cash outflows	53 914 014	1 463 134	--	55 377 148
- Cash inflows	53 976 480	1 463 710	--	55 440 190
Total Cash Outflows*	53 914 014	1 463 134	--	55 377 148
Total Cash inflows	53 976 480	1 463 710	--	55 440 190

*Note no. (20)

Cash Flows for off-balance Sheet Items:

According to the table below and note no. (34)

At the end of 31 December 2015	Up to 1 year	More than 1 year up to 5 years	More than 5 years	Total (EGP)
Loans commitments	203 301 464	456 833 980	--	660 135 444
Financial collaterals, accepted bills and other financial advances	1 757 581 008	523 050 748	23 180 596	2 303 812 352
Capital Commitment resulting from acquisition of fixes assets *	77 819 575	--	--	77 819 575
Total	2 038 702 047	979 884 728	23 180 596	3 041 767 371

At the end of 31 December 2014	Up to 1 year	More than 1 year up to 5 years	More than 5 years	(EGP) Total
Loans commitments	214 325 122	251 914 938	--	466 240 060
Financial collaterals, accepted bills and other financial advances	1 586 091 165	262 008 131	72 694 659	1 920 793 955
Capital Commitment resulting from acquisition of fixes assets *	74 716 161	--	--	74 716 161
Total	1 875 132 448	513 923 069	72 694 659	2 461 750 176

*Note no. (34-B).

3-D Fair Value of Financial Assets and Liabilities

3-D/1 Financial Instruments Measured at Fair Value Using a Valuation Method
The total amount of the change in estimated fair value using a valuation method at 31 December 2015 amounted to EGP (39 031 369) against EGP (64 473 315) as at 31 December 2014.

3-D/2 Financial Instruments not Measured at Fair Value
The table below summarizes the present value and fair values for those financial assets and liabilities not presented on the bank's balance sheet at their fair value:

	(EGP) Book value		(EGP) Fair value	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Financial assets				
Financial Investments				
Held to maturity	10 000 000	10 000 000	13 865 295	13 315 985

Due from Banks
Fair value of placements and deposits bearing variable interest rate for one day is its current value. The expected fair value for deposits bearing variable interest is based on the discounted cash flow using rate of similar asset of similar credit risk and due dates.

Loans and Advances to Banks
Loans and banking advances represented in loans not from deposits at banks. The expected fair value of the loans and facilities represents the discounted value of future cash flows expected to be collected. Cash flows are discounted using the current market rate to determine fair value.

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

Investments in Financial Instruments
Investments in financial securities shown in the previous schedule includes only held to maturity assets investments; as available for sale investments are measured at fair value except for equity instruments that its market value can't be reliably determined. Fair value of held-to-maturity investments is based on market prices or broker/ prices. Fair value is estimated using quoted market prices for financial paper with similar credit maturity and yield characteristics where information is not available.

Due to other Banks and Customers
The estimated fair value of deposits of indefinite maturity which includes interest-free deposits is the amount paid on call.

The estimated fair value of fixed interest-bearing deposits and other loans not traded in an active market is based on discounted cash flows using interest rates for new debts of similar maturity dates.

Debt instruments in issue
The aggregate fair values are calculated based on quoted market prices. For those notes which quoted market prices are not available, a discounted cash flow model is used based on a current yield curve appropriate for the remaining term to maturity.

3-E/1 Capital management

The bank's objectives behind managing capital include elements other than equity shown in the balance sheet are represented in the following:
- Compliance with capital legal requirements in Arab Republic of Egypt and the other countries the bank is operating in.
- Protecting the bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base to enhance growth.

Capital adequacy and uses are reviewed on a daily basis according to the regulatory authority's requirements (Central Bank in Arab Republic of Egypt) by the bank's management through models based Basel committee for banking control instructions, these data are submitted to Central Bank of Egypt on quarterly basis.

Central Bank of Egypt requires the following from the bank:
- Maintaining EGP 500 million as a minimum requirement for the issued and paid up capital.
- Maintaining a ratio between capital elements and asset and contingent liability elements weighted by risk weights at 10 % or more.

Bank's branches which operate outside the Arab Republic of Egypt are subject to the banking business regulators' supervising rules in countries which they operate.

In accordance with the requirements of Basel 2, the numerator in capital adequacy comprises the following 2 tiers:

Tier 1:
a-The basic going concern capital which consist of the following:
Issued and paid up capital, the legal reserve, formal reserve, capital reserve, and retained earnings (carried forward losses) excluding the following:
- Treasury stocks.
- Goodwill.
- Bank's investment in financial institutions (banks and companies) and insurance companies (more than 10% of the issued capital of the company)
- The increase of the bank's investment in which each single investment is less than 10% of company's issued capital than 10% of basic going concern capital after regulatory adjustments (basic capital before excluding investments in financial intuitions and insurance companies).

The following elements are not considered:
- Fair value reserve balance of financial investments available for sale (if negative)
- Foreign currency translation differences reserve (if negative).

Where the above mentioned items deducted from basic capital if the balance is negative, while its negligible If positive

b- Additional basic capital which consists of the following:
- Permanent preferred noncumulative shares , quarterly interim gains (losses), minority interest and the difference between the nominal value and the present value of the subordinate loan /deposit.
- Interim profits is recognized only after being approved by the auditor and the approval of General Assembly of dividends, and the approval of the Central Bank, the interim losses is deducted unconditionally.

Tier 2:
The subordinate capital which consists of the following:
- 45% of the increase in the fair value of the carrying amount for financial investments (fair value reserve if positive, held to maturity investments, and investments in associates and subsidiaries.
- 45% of the special reserve.
- 45% of positive foreign currency translation differences Reserve.
- Hybrid financial instruments.
- Subordinate loans(deposits).
- Loans and facilities and performing contingent liabilities provision for impairment loss (should not exceed 1.25% of total assets and contingent liabilities total risk applying the risk weights.
- Loans, facilities and nonperforming contingent liabilities provision for impairment loss should be adequate to meet the obligations the provision formed for.

Eliminations of 50% of tier 1 and 50% of tier 2:

- Investments in non-financial institutions – each company separately amounted to 15% or more of basic going concern capital of the bank before regulatory amendments.
- Total bank's investments in non-financial institutions – each company separately less than 15% more of basic going concern capital of the bank before regulatory adjustments provided that these investments combined exceed 60% of the basic capital by regulatory amendments.
- Securitization portfolio.
- What belong to the value of assets reverted to the bank as a debt settlement in the general banking risk reserve.
- On calculating the total numerator of capital adequacy it is to be considered that subordinate loans /deposits should not be greater than 50% of basic capital after eliminations.
- Assets and contingent liabilities are weighted by credit risk, market risk, and operational risk.

	31 December 2015 EGP (000)	31 December 2014 EGP (000)
Capital		
Tier 1 (basic capital)		
Share capital	2 152 447	1 843 243
Legal reserve	72 518	50 289
Other reserves	138	65
Total deductions from capital invested	(56 677)	(2 282)
Total tier 1 capital	2 168 426	1 891 315
Tier 2 capital		
Equivalent to general risks provision	117 300	108 074
45% of the increase in the fair value below its book value for available for sale investments	--	7 075
45% of the increase in the fair value below its book value for HTM investments	1 739	1 492
Loans (deposits)	463 806	--
Total tier 2 capital	582 845	116 641
Total capital	2 751 271	2 007 956
Risk weighted assets and contingent liabilities:	20 064 741	13 652 141
Capital required for opposite risk	4 661	--
Total credit risk	20 069 402	13 652 141
Capital required for operational risk	1 745 530	1 419 104
Total risk weighted assets and contingent liabilities	21 814 932	15 071 245
Capital adequacy ratio	12.61%	13.32%

3-E/2 Leverage Financial Ratio:

Central Bank of Egypt Board of Directors had approved in its meeting held on 7 July 2015 the supervisory instructions related to leverage ratio; in which the Banks to maintain a minimum level of leverage ratio of 3% on a quarterly basis as follows:
As a guidance ratio starting from September 2015 till December 2017
As an obligatory ratio starting from 2018
As a preparation for considering the inclusion of this ratio within Basel requirement - tier 1 (minimum level of capital adequacy ratio); in order to keep the Egyptian Banking System strong, safe, and to keep up with the best international regulatory practices in this regard.
Leverage financial ratio reflects the relationship between tier 1 of capital; that is used in capital adequacy ratio (after exclusions), and the Bank's assets (on balance sheet and off-balance sheet); not risk weighted.

Ratio Elements:
a-Numerator Elements:
Numerator consists of tier 1 of capital that is used in capital adequacy ratio (after exclusions); according to the regulatory requirements of the Central Bank of Egypt (CBE).

b- Denominator Elements:
Denominator consists of all Bank's assets (on balance sheet and off-balance sheet) according to the financial statements; usually called "Bank's exposure" and includes the total the following:
1-On balance sheet exposure items after deducting some of tier 1 exclusions for capital base
2-Derivatives contracts exposures.
3-Financing securities operations exposures.
4-Off-balance sheet items (weighted by credit conversion factor)

The following table summarize the leverage financial ratio at 31 December 2015

Leverage Financial Ratio	31 December 2015 EGP (000)
1)Tier 1 (basic capital) after disposals	**2 168 425**
2)Total exposures on & off-balance sheet items	
Cash and due from Central Bank of Egypt	2 158 686
Current accounts and deposits due from banks	3 230 478
Loans and advances to banks	66 189
Treasury bills and other governmental notes	5 274 025
Available for sale investments	7 050 181
Held to maturity investments	10 000
Loans and credit facilities	18 821 079
Impairment of Non-performing facilities	(199 988)
Fixed assets (net)	497 686
Other assets	702 188
Deducted exposures after disposals of basic capital (tier 1)	(31 942)
Total exposures on-balance sheet items after deduct Tier 1 disposals	**37 578 582**
Resulted exposures of derivatives	
Replacement cost	36
Expected future value	4 626
Total resulted exposures of derivatives	4 662
Total exposures on-balance sheet items, derivatives operations and securities (1)	**37 583 244**
Total contingent liabilities	
Letter of credit – import	39 516
Letter of guarantees	989 301
Letter of guarantees demanded by non-resident banks	33 029
Accepted papers	61 571
Total contingent liabilities	**1 123 417**
Capital commitments	77 820
Loans and facilities to banks/customers commitments (unused portion) With original maturity period	
Irrevocable more than one year	162 374
Irrevocable for one year or less	29 729
Revocable without conditions at any time by the bank and without advanced note or includes cancellation terms	799 079
Total commitments	**1 069 002**
Total exposures off-balance sheet items	**2 192 419**
Total exposures on & off-balance sheet items	**39 775 663**
Leverage ratio	**5.45%**

4- Significant Accounting Estimates and Assumptions

The bank makes subjective estimates and judgments that affect the reported amounts of assets and liabilities with the next financial period consistently. Estimations and judgments are continually evaluated and based on historical experience and other factors including the expectations of future events that are believed to be reasonable.

4-A Impairment Losses for Loans and Advances

The bank reviews the portfolio of loans and advances for impairment at least quarterly. The bank uses discretionary judgment on determining whether it is necessary to record impairment loss in the income statement. The bank has to identify if there is objective evidence indicating a decline in the expected future cash flows from loan portfolio before identifying any decline on individual basis. This evidence include data indicating negative changes in a borrower's portfolio ability to repay to the bank or local or economic circumstances related to default. On scheduling future cash flows, the management uses the past experience to determine the credit impairment loss for assets when there is objective evidence of impairment similar to that of the portfolio in question. The methods and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to reduce any discrepancy between the estimated loss and 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 or lower by EGP 3 102 499 than the formed provisions.

4-B Impairment of Available for Sale Investments in Equity Instruments

The bank recognizes impairment loss relating to available for sale equity investments when there is a significant or prolonged decline in the fair value below its cost. A judgment is required to determine that the decline is significant or prolonged. In making this judgment, the bank evaluates among other factors the volatility in share price. In addition, impairment loss recognized when there is evidence of deterioration in the investee financial position or operating and finance cash flow or industry and sector performance or technology changes. If considering all the decline in fair value to less than the cost of a significant or extended, the bank will go through an additional loss amounted to EGP (43 743 950) represents the transfer of total fair value reserve to the statement of income.

4-C Held-to-Maturity Investments

Non-derivatives financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity. This classification requires high degree of judgment; in return the bank tests the intent and ability to hold such investments to maturity. If the bank fails to hold such investments till maturity except for certain circumstances like selling an insignificant amount of held-to-maturity investments near to maturity date, then all held to maturity investment portfolio should be reclassified as available for sale which will be measured at fair value instead of amortized cost. In addition the bank should suspend classifying investments as held to maturity caption.
If classification of investments as held to maturity is suspended the carrying amount shall increase or decrease the book value to reach its fair value by recording a counter entry in the valuation reserve available for sale within the equity caption.

4-D Income Tax

The bank is subject to income tax which requires the use of estimates to calculate the income tax provision. There are a number of processes and calculations which are so hard to determine the final income tax precisely. The bank records a liability related to the tax inspection estimated results. When there is a difference between the final result of the actual tax inspection and the amounts previously recorded by the bank, such differences will be recorded in the period where differences noted. Income tax and deferred tax will be recorded in that period.

5- Segmentation Analysis

(a) Segmental Analysis by Activity

Activity segment include operations and assets used in providing banking services and managing related risks and yields which may differ from other activities. The segmentation analyses of operations according to the Banking activities are as follows:

• Corporate; Medium and Small Sized Enterprises
Activities include current accounts, deposits, overdrafts, loans, credit facilities and financial derivatives.

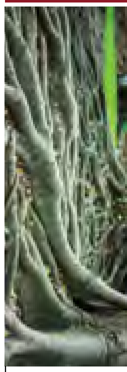
• Investment
Includes merging of companies, purchase of investments, financing company's restructure and financial instruments.

• Individuals
Activities include current accounts savings deposits credit cards personal loans and mortgage loans.

• Other Activities
Include other banking activities such as fund management.
Inter-segment transactions occur at the normal course of business of the Bank. Assets and liabilities at the balance sheet include operating assets and liabilities.

31 December 2015	Corporate	Medium and small sized enterprises	Investment	Individuals	EGP Total
Income and expenses according to segmental activities					
Income by segmental activities	1 243 652 440	35 988 566	1 733 059 524	918 714 803	3 931 415 333
Expenses by segmental activities	(936 508 258)	(20 905 815)	(1 347 772 930)	(722 006 293)	(3 027 193 296)
Segment result	307 144 182	15 082 751	385 286 594	196 708 510	904 222 037
Income tax expense	(76 786 045)	(3 770 688)	(188 211 005)	(49 177 127)	(317 944 865)
Profit for the year	230 358 137	11 312 063	197 075 589	147 531 383	586 277 172
Assets and liabilities according to segmental activities					
Assets of segmental activities	13 926 727 175	187 509 256	18 800 215 597	4 342 180 476	37 256 632 504
Other items of segmental activities					
Depreciation	(11 763 903)	(2 284 468)	(23 746 144)	(12 179 510)	(49 974 025)
Impairment and effect of other provisions on income statements	(47 602 005)	--	--	--	(47 602 005)

31 December 2014	Corporate	Medium and small sized enterprises	Investment	Individuals	EGP Total
Income and expenses according to segmental activities					
Income by segmental activities	908 407 462	20 207 981	1 277 382 527	578 423 247	2 784 421 217
Expenses by segmental activities	(686 991 451)	(13 432 894)	(991 003 319)	(430 097 768)	(2 121 525 432)
Segment result	221 416 011	6 775 087	286 379 208	148 325 479	662 895 785
Income tax expense	(55 354 003)	(1 693 772)	(124 110 636)	(37 081 369)	(218 239 780)
Profit for the year	166 062 008	5 081 315	162 268 572	111 244 110	444 656 005
Assets and liabilities according to segmental activities					
Assets by segmental activities	9 460 513 869	131 024 976	17 937 075 696	3 043 182 956	30 571 797 497
Other items of segmental activities					
Depreciation	(8 214 319)	(1 701 212)	(22 674 535)	(6 089 107)	(38 679 173)
Impairment and effect of other provisions on income statements	(37 761 300)	--	--	--	(37 761 300)



(b) Segmental Analysis By Geographical Areas

31 December 2015	EGP					
	Egypt					
	Cairo	Alexandria, Delta and Sinai	Total	Gulf countries	Other countries	Total
Income and expenses according to segmental activities						
Income by geographical segments	3 571 150 924	278 452 329	3 849 603 253	35 583 785	28 529 467	3 913 716 505
Expenses by geographical segments	(2 601 817 169)	(340 118 297)	(2 941 935 466)	(68 983)	(36 724 765)	(2 978 729 214)
Segment result	969 333 755	(61 665 968)	907 667 787	35 514 802	(8 195 298)	934 987 291
Unclassified expenses	--	--	--	--	--	(30 765 253)
Profit for the year before tax	--	--	--	--	--	904 222 038
Income tax expense	--	--	--	--	--	(317 944 866)
Profit for the year	--	--	--	--	--	586 277 172
Assets and liabilities according to the geographical segment						
Assets by geographical segments	32 815 178 981	2 305 326 029	35 120 505 010	756 906 367	1 491 844 529	37 369 255 906
Unclassified assets	--	--	--	--	--	(112 623 402)
Total assets	32 815 178 981	2 305 326 029	35 120 505 010	756 906 367	1 491 844 529	37 256 632 504
Liabilities by geographical segments	28 187 652 303	4 433 738 014	32 621 390 317	4 906 944	1 635 196 850	34 261 494 111
Unclassified liabilities	--	--	--	--	--	4 676 077
Total liabilities	28 187 652 303	4 433 738 014	32 621 390 317	4 906 944	1 635 196 850	34 266 170 188
Other Items of geographical segment						
Depreciation	(45 820 858)	(4 153 167)	(49 974 025)	--	--	(49 974 025)
Impairment and effect of other provisions on income statements	(54 626 833)	7 024 828	(47 602 005)	--	--	(47 602 005)

31 December 2014	EGP					
	Egypt					
	Cairo	Alexandria, Delta and Sinai	Total	Gulf countries	Other countries	Total
Income and expenses according to segmental activities						
Income by geographical segments	2 258 799 598	449 272 137	2 708 071 735	44 806 246	21 452 675	2 774 330 656
Expenses by geographical segments	(1 805 970 307)	(289 582 645)	(2 095 552 952)	(5 291 415)	(3 490 817)	(2 104 335 184)
Segment result	452 829 291	159 689 492	612 518 783	39 514 831	17 961 858	669 995 472
Unclassified expenses	--	--	--	--	--	(7 099 687)
Profit for the year before tax	--	--	--	--	--	662 895 785
Income tax expense	--	--	--	--	--	(218 239 780)
Profit for the year	--	--	--	--	--	444 656 005
Assets and liabilities according to the geographical segment						
Assets by geographical segments	24 725 632 564	3 254 488 328	27 980 120 892	1 079 061 233	1 617 657 548	30 676 839 673
Unclassified assets	--	--	--	--	--	(105 042 176)
Total assets	24 725 632 564	3 254 488 328	27 980 120 892	1 079 061 233	1 617 657 548	30 571 797 497
Liabilities by geographical segments	23 532 063 875	4 178 636 424	27 710 700 299	24 648 050	311 837 254	28 047 185 603
Unclassified liabilities	--	--	--	--	--	3 032 245
Total liabilities	23 532 063 875	4 178 636 424	27 710 700 299	24 648 050	311 837 254	28 050 217 848
Other Items of geographical segment						
Depreciation	(3 816 519)	(34 862 654)	(38 679 173)	--	--	(38 679 173)
Impairment and effect of other provisions on income statements	(31 462 997)	(6 298 303)	(37 761 300)			(37 761 300)

6 - Net Interest Income

	For the year ended 31/12/2015 EGP	For the year ended 31/12/2014 EGP
Interest income on loans and similar income		
Loans and advances to customers	1 613 202 542	1 214 209 437
Loans and advances to banks	4 546 610	5 451 996
	1 617 749 152	1 219 661 433
Treasury bills and treasury bonds	1 595 736 213	1 083 015 062
Deposits and current accounts	155 117 543	95 920 722
Investments in debt instruments held to maturity and available for sale	13 177 578	21 125 963
Other	258 015	65 725
Total	3 382 038 501	2 419 788 905
Interest expense on deposits and similar expense		
Deposits and current accounts		
Customers	(2 265 343 429)	(1 594 450 411)
Banks	(3 717 752)	(3 446 933)
	(2 269 061 181)	(1 597 897 344)
Other loans	(18 711 542)	(2 653 941)
Other	(79 192)	--
Total	(2 287 851 915)	(1 600 551 285)
Net interest income	1 094 186 586	819 237 620

7 - Net Fees and Commission Income

	For the year ended 31/12/2015 EGP	For the year ended 31/12/2014 EGP
Fees and commission income		
Fees and commissions related to credit	220 824 499	164 664 603
Fees related to corporate financing services	18 582 290	10 410 515
Custody fees	5 593 206	6 206 937
Other fees	76 937 909	44 144 419
Total	321 937 904	225 426 474
Fees and commission expenses		
Other commission paid	(976 762)	(788 629)
Other fees paid	(30 499 712)	(12 714 974)
Total	(31 476 474)	(13 503 603)
Net fees and commission income	290 461 430	211 922 871

8 - Dividends Income

	For the year ended 31/12/2015 EGP	For the year ended 31/12/2014 EGP
Available for sale investments	271 224	132 262
Total	271 224	132 262

9 - Net Trading Income

	For the year ended 31/12/2015 EGP	For the year ended 31/12/2014 EGP
Held for trading debt instruments	335 623	2 126 621
Net trading income	335 623	2 126 621

10 - Administrative Expenses

	For the year ended 31/12/2015 EGP	For the year ended 31/12/2014 EGP
Staff costs		
Salaries and wages	(266 254 211)	(217 104 859)
Social insurance	(8 404 783)	(6 388 884)
Total staff costs	(274 658 994)	(223 493 743)
Depreciation and amortization	(49 974 025)	(38 679 173)
Other administrative expenses	(181 879 070)	(144 040 514)
Total administrative expenses	(506 512 089)	(406 213 430)

11- Other Operating Income

	For the year ended 31/12/2015 EGP	For the year ended 31/12/2014 EGP
Foreign exchange differences from translation of foreign currency monetary assets and liabilities other than held for trading items and those classified as at fair value through profit or loss on initial recognition	97 273 664	31 657 585
Gain (losses) on sale of fixed assets	447 760	72 601
Rentals	(29 187 621)	(22 663 512)
Other charged provisions (note. 29)	(31 977 624)	(1 735 468)
Other income	929 662	753 571
	37 485 841	8 084 777

12- Impairment Charges on Credit Losses

	For the year ended 31/12/2015	For the year ended 31/12/2014
	EGP	EGP
Loans and advances to customers (note. 19)	(78 367 257)	(44 860 986)
	(78 367 257)	(44 860 986)

13 - Income Tax Expenses

	For the year ended 31/12/2015	For the year ended 31/12/2014
	EGP	EGP
Current taxes	(318 016 288)	(212 657 737)
Deferred taxes	71 422	(5 582 043)
	(317 944 866)	(218 239 780)

Additional information of deferred taxes have been disclosed in note 30. Income tax expense is different from the tax that would have arisen had the statutory tax rate been applied on pre-tax accounting profit as shown below:

	For the year ended 31/12/2015		For the year ended 31/12/2014	
	EGP		EGP	
	Partial	Overall	Partial	Overall
Accounting profit before tax		904 222 037		662 895 785
Income tax calculated at 25 % tax rate	203 449 958		165 723 946	
Additional income tax at 5% tax				
rate (above EGP 1 000 000)	--		33 094 789	
Total tax		**203 449 958**		**198 818 735**
Deduct (Add)				
Non - deductible expenses	1 062 397		(1 814 025)	
Provisions effect	11 089 687		4 679 273	
Tax exemptions	(23 729 372)		(14 273 033)	
		(11 577 288)		(11 407 785)
Tax according to tax return		**191 872 670**		**187 410 950**
Increase in calculated tax on treasury bills and treasury bonds		126 117 653		25 246 787
Total Tax		**317 990 323**		**212 657 737**
Effective tax rate		**35%**		**32%**

Tax Position

A- Corporate Tax

- Tax was fully settled till the year 2006 and the bank has credit balances resulted from accumulated tax losses .
- Years 2007/2008 had been inspected, the bank protested against the inspection results and the file was transferred to appeal committee.
- Years 2009/2010 according to the internal committee agreement bank had settled an amount in advance till final results of appeal committee of years 2007/2008 to deduct he accumulated losses.
- The bank has filed its tax returns for the year 2013/2014. The books have not been and not inspected yet .
- On 4 June 2014, law No. 44 for the year 2014 was issued to impose an annual additional temporary tax at a 5% tax rate on taxable income above EGP 1 million for three years to start from the current tax period. The additional tax is applicable on natural persons income and profits of corporates. This additional tax is assessed and collected according to income tax law and shall be applied starting from 5 June 2014.
- On 30 June 2014, the Presidential decree No. 53 for the year 2014 was issued amending some provisions of the income tax law No. 91 for the year 2005, most importantly the following :
  * Imposing a tax on dividends .
  * Imposing a tax on capital gains resulting from the sale of shares and securities.
- On 6 April 2015, the finance minister issued the ministerial decree No. 172 for the year 2015 to amend provisions of the income tax regulations No. 995 for the year 2005.
- On 20 August 2015, the Presidential decree No. 96 for the year 2015 was issued amending some provisions of the income tax law No. 91 for the year 2005 and decree No. 44 for the year 2014 by Imposing an additional temporary tax on income, and shall be applied starting from the next day of decree issuance, as follow the most important changes:
  1. Decrease income tax rate to 22.5 % of the net profits for the year.
  2. Adjust the period of imposing temporary tax to 5 %.
  3. Adjust the tax on dividends.
  4. Stop imposing a capital tax on profit resulting from securities listed in Stock market for 2 years starting from 17/5/2015.

B- Salary Tax

- Tax was fully settled till the year 2012.
- Tax for the year 2013/2014 is under inspection.

C- Stamp Duty Tax

- Tax was fully settled till year 2002.
- Years from 2003 till 31/7/2006 have been inspected, the bank protested against the inspection results and the file was transferred to appeal committee.
- Years from 1/8/2006 till 2009 have been inspected according to law no. 111 for the year 1980 and its amendments no. 143 for 2006. The Bank protested against the inspection results and the file was transferred to the appeal committee.
- Years 2010 till the first quarter of the year 2013 are under inspection had been inspected. The Bank protested against the inspection results and the file was transferred to the appeal committee.
- On December 2015; an agreement was signed between the federation of Egyptian Banks and Egyptian Tax Authority to settle the conflicts between banks and the authority and a settlement is currently preparing for the period from 1/8/2006 till 30/9/2015 according to the terms of the agreement.

14 - Basic Earnings per Share

Basic Earnings per share calculated by dividing net profits attributable to the shareholders by the outstanding weighted average ordinary shares issued during the year.

	For the year ended 31/12/2015	For the year ended 31/12/2014
	EGP	EGP
Net profit attributable to shareholders	487 186 204	409 796 304
Employee's profit share	(45 789 473)	(38 756 713)
	441 396 731	371 039 591
Outstanding weighted average ordinary shares issued during the year	30 700 000	27 619 231
Earnings per share	14.38	13.43

15 - Cash and Balances with the Central Bank of Egypt

	31 December 2015 EGP	31 December 2014 EGP
Cash	162 112 769	142 353 724
Balances at central bank (mandatory reserve)	1 996 572 810	1 402 170 156
Total	2 158 685 579	1 544 523 880
Interest free balances	2 158 685 579	1 544 523 880

16 - Due from Banks

	31 December 2015 EGP	31 December 2014 EGP
Current accounts	275 843 414	134 860 708
Deposits	2 954 634 662	3 236 037 345
	3 230 478 076	3 370 898 053
Due from central bank (other than those under the mandatory reserve)	1 284 228 464	1 745 832 085
Local banks	636 881 482	98 106 526
Foreign banks	1 309 368 130	1 526 959 442
	3 230 478 076	3 370 898 053
Interest free balances	275 843 414	134 860 708
Balances at fixed interest rates	2 954 634 662	3 236 037 345
	3 230 478 076	3 370 898 053
Current balances	2 644 977 112	3 370 898 053
Non-Current balances	585 500 964	--
	3 230 478 076	3 370 898 053

17 - Treasury Bills and other Governmental Notes

Treasury bills represent the following:

	31 December 2015 EGP	31 December 2014 EGP
Treasury bills 273 days maturity	2 143 750 000	2 684 150 000
Treasury bills 364 days maturity	3 130 275 000	4 884 475 000
Unearned interest	(189 185 236)	(312 919 812)
Net	5 084 839 764	7 255 705 188

18 - Loans and Advances to Banks

	31 December 2015 EGP	31 December 2014 EGP
Term loans	66 156 886	144 442 886
Current balances	66 156 886	144 442 886

19 - Loans and Advances to Customers

	31 December 2015 EGP	31 December 2014 EGP
Retail		
Credit cards	431 806 198	319 352 462
Personal loans	3 146 851 825	2 302 019 732
Overdrafts	641 300 738	396 639 953
Real estate loans	132 468 608	42 021 199
Total (1)	4 352 427 369	3 060 033 346
Corporate loans including small loans for economic activities		
Overdrafts	6 839 632 019	5 215 283 537
Direct loans	2 882 542 168	1 801 792 749
Syndicated loans	4 325 730 321	2 606 540 867
Other loans	368 696 268	272 395 463
Total (2)	14 416 600 776	9 896 012 616
Total loans and advance to customers (1+2)	18 769 028 145	12 956 045 962
Allowance for impairment losses	(312 611 241)	(321 324 163)
Net amount distributed as follows	18 456 416 904	12 634 721 799
Current balances	11 116 804 531	7 791 746 058
Non-current balances	7 339 612 373	4 842 975 741
Total	18 456 416 904	12 634 721 799

Bank Audi sae accepted during the year ended at 31 December 2015 trading securities of fair value amounted to EGP 2 087 155 282 as a guarantee for commercial loans (comparative balance amounted to EGP 2 897 668 443)

Allowance for Impairment Losses

Movement analysis of the allowance for impairment loss for loans and advances to customers (according to its types):

31 December 2015	(EGP) Retail				
	Credit cards	Personal loans	Overdrafts	Real estate loans	Total
Balance as of 1/1/2015	3 288 106	11 361 078	2 196 784	4 423	16 850 391
Impairment loss recognized during the year	4 012 414	9 361 946	400 926	20 811	*13 796 097
Written off amounts during the year	(7 106 022)	(13 192 558)	--	--	(20 298 580)
Collections of loans previously written-off	3 553 683	7 384 051	--	--	10 937 734
Foreign exchange translation differences	--	--	20 786	--	20 786
Balance as of 31 December 2015	3 748 181	14 914 517	2 618 496	25 234	21 306 428**

*Note no. (12).

** Impairment losses of retail amounted of EGP 6 348 918 represent individual provision and collective provision for groups have similar credit characteristic amounted to EGP 14 957 510)

	(EGP) Corporate				
	Overdrafts	Direct loans	Syndicated loans	Other loans	Total
Balance as of 1/1/2015	182 750 733	80 393 621	38 184 276	3 145 142	304 473 772
Impairment loss during the year	(11 475 361)	70 536 463	5 037 707	472 351	64 571 160*
Written off amounts during the year	(2 107 188)	(76 963 409)	--	--	(79 070 597)
Collections of loans previously written-off	--	153 324	--	--	153 324
Foreign exchange translation differences	380 523	277 567	519 064	--	1 177 154
Balance as of 31 December 2015	169 548 707	74 397 566	43 741 047	3 617 493	291 304 813**
Total					312 611 241

*Note no. (12).

** Impairment losses of corporate amounted of EGP 185 030 327 represent individual provision and collective provision for groups have similar credit characteristic amounted to EGP 106 274 486)

31 December 2014	(EGP) Retail				
	Credit cards	Personal loans	Overdrafts	Real estate loans	Total
Balance as of 1/1/2014	3 905 521	14 636 813	1 782 130	5 440	20 329 904
Impairment loss during the year*	2 642 304	1 605 850	1 751 051	(1 017)	*5 998 188
Written off amounts during the year	(5 864 390)	(12 367 475)	(1 336 397)	--	(19 568 262)
Collections of loans previously written-off	2 604 671	7 485 890	--	--	10 090 561
Balance as of 31 December 2014	3 288 106	11 361 078	2 196 784	4 423	16 850 391

* Impairment losses of retail represents provision of groups have similar credit characteristic

	(EGP) Corporate				
	Overdrafts	Direct loans	Syndicated loans	Other loans	Total
Balance as of 1/1/2014	161 603 036	90 389 824	21 412 032	2 522 774	275 927 666
Impairment loss during the year	30 016 938	(8 439 084)	16 662 576	622 368	38 862 798
Written off amounts during the year	(8 970 337)	(3 618 013)	--	--	(12 588 350)
Collections of loans previously written-off	--	2 000 000	--	--	2 000 000
Foreign exchange translation differences	101 096	60 894	109 668	--	271 658
Balance as of 31 December 2014	182 750 733	80 393 621	38 184 276	3 145 142	304 473 772*
Total impairment					321 324 163

*Impairment losses of corporate amounted to EGP 216 281 989 represent individual provision and a collective provision for groups have similar credit characteristic amounted to EGP 88 191 783

20 - Financial Derivatives

The bank uses the following financial derivatives for hedging and non-hedging purposes:

- The forward currency contracts represent commitments to buy foreign and local currencies, including the unexecuted spot transactions. Foreign currency and /or interest rates future contracts are contractual obligations to receive or pay net amount based on the change in foreign exchange or interest rates, and/or buy or sell foreign currency or financial instrument in a future date at a contractual determined price in an active financial market. The bank's credit risk is considered minimal, forward interest rate contracts represent future interest rate contracts negotiated on case by case, these contracts require monetary settlements in a future date of the difference between agreed interest rates and prevailing market interest rate based on agreed contractual amount (nominal value).

- Currency and/or interest rate swaps represent commitments to exchange cash flows. As a result of these contracts, currencies or interest rates (e.g.; fixed rate versus variable rate) or both (interest rate and currency swaps) are exchanged. Contractual amounts are not actually exchanged except for some currency swaps.

  Credit risks are represented in the contingent cost to change swap contracts in case the counter parties failed to perform their commitments. This risk is continuously monitored through comparisons of fair value and with percentage of contractual amount, and to monitor the existing credit risk, the bank evaluates counter parties using the same methods used in lending activities.

- Foreign currency options and/or interest rates options represent contractual agreements whereby the seller (issuer) gives the buyer (holders) a right not an obligations , to buy (call option) or to sell (put option) on a certain day or within a certain year , a certain amount of foreign currency or financial instrument at a predetermined price . The seller receives commissions in compensation for his acceptance of the foreign currency risk or interest rate risk. Options contracts are either traded in the market or negotiated between the bank and one of its clients (over- the counter). The bank is exposed to credit risk for purchased options contracts only and to extent of its carrying values which represent its fair value.

- The contractual value of some financial instruments are considered a base to compare with the recognized financial instruments on the balance sheet, however it does not necessarily provide an indicator for future cash flows or the fair value of the instruments, thus, those amounts don't reflect the credit risk or interest rate risk.

Financial derivatives are considered in the favor of the bank (assets) or not in its favor (liabilities) as a result of changes in foreign exchange rates or interest rates related to these financial derivatives. Contractual /estimated amounts of financial derivatives can fluctuate from time to time, as well as, the range through which financial derivatives are considered in the favor of the bank (assets) or not in its favor (liabilities) and the total fair value of the financial assets and liabilities from derivative. The following are the fair values of the financial derivatives on hand:

31 December 2015	Nominal value	Fair Values	
		Assets	Liabilities
	EGP	EGP	EGP
A-Derivatives held for trading			
Forward foreign exchange contracts			
Forward foreign exchange contracts	107 611 058	60 531	684 810
Total derivatives (over- the counter)	107 611 058	60 531	684 810
Total assets (liabilities)of derivatives held for trading	107 611 058	60 531	684 810
Current balances	107 611 058	60 531	684 810

31 December 2014	Nominal value	Fair Values	
		Assets	Liabilities
	EGP	EGP	EGP
A- Derivatives held for trading			
Forward foreign exchange contracts			
Forward foreign exchange contracts	55 377 148	285 439	222 396
Total derivatives (over- the counter)	55 377 148	285 439	222 396
Total assets (liabilities) of derivatives held for trading	55 377 148	285 439	222 396
Current balances	55 377 148	285 439	222 396

21 - Financial Investments

	31 December 2015	31 December 2014
	EGP	EGP
Available for sale investments		
Debt instruments at fair value:		
-Listed instruments	7 014 208 913	4 782 240 533
-Unlisted instruments	13 760 186	12 695 109
Equity instruments at fair value:		
-Listed instruments	18 666 746	--
-Unlisted instruments	3 545 223	2 845 123
Total available for sale investments (1)	7 050 181 068	4 797 780 765
Held to maturity investments		
Held to maturity investments:		
-Unlisted instruments	10 000 000	10 000 000
Total held to maturity investments (2)	10 000 000	10 000 000
Total financial investments (1+2)	7 060 181 068	4 807 780 765
Current balances	6 682 018 980	4 231 148 660
Non-current balances	378 162 088	576 632 105
	7 060 181 068	4 807 780 765
Fixed interest debt instruments	7 014 208 913	4 782 240 533
Floating interest debt instruments	23 760 186	22 695 109
Balance as of 31/12/2015	7 037 969 099	4 804 935 642

	(EGP)		
	Available for sale investments	Held to maturity investments	Total
Balance as of 1/1/2015	4 797 780 765	10 000 000	4 807 780 765
Additions	10 560 811 201	--	10 560 811 201
Disposals (sale / redemption)	(8 379 597 286)	--	(8 379 597 286)
Translation differences resulting from monetary foreign currency assets	40 102 743	--	40 102 743
Changes in fair value (note. 32-d)	64 602 823	--	64 602 823
Impairment losses	(36 453 315)	--	(36 453 315)
Amortization of premium / discount	2 934 137	--	2 934 137
Balance as of 31/12/2015	7 050 181 068	10 000 000	7 060 181 068
Balance as of 1/1/2014	3 355 646 656	10 000 000	3 365 646 656
Additions	8 991 779 070	--	8 991 779 070
Disposals (sale / redemption)	(7 542 153 978)	--	(7 542 153 978)
Translation differences resulting from monetary foreign currency assets	17 092 168	--	17 092 168
Changes in fair value (note. 32-d)	7 278 366	--	7 278 366
Amortization of premium / discount	(31 861 517)	--	(31 861 517)
Balance as of 31/12/2014	4 797 780 765	10 000 000	4 807 780 765

Gain on Financial Investments

	For the year ended 31/12/2015	For the year ended 31/12/2014
	EGP	EGP
Gain on sale of Available-for-sale financial assets (note. 32-d)	107 188 707	67 620 459
Loss on sale of Available-for-sale equity instruments	(224 213)	--
Gain on sale of treasury bills	3 140 136	4 845 591
Impairment losses of Available-for-sale equity instruments	(43 743 950)	--
	66 360 680	72 466 050

22 - Intangible Assets

	31 December 2015	31 December 2014
	EGP	EGP
Computer software		
Net book value at the beginning of the year	11 410 919	7 859 438
Additions	13 682 569	8 252 428
Accumulated amortization	(7 388 431)	(4 700 947)
Net book value at the end of the year	17 705 057	11 410 919

23 - Other Assets

	31 December 2015 EGP	31 December 2014 EGP
Accrued interests receivables	362 627 845	202 858 357
Prepaid expenses	31 906 432	26 216 894
Advance payments for acquisition of fixed assets	222 437 284	178 060 420
Assets reverted to the bank in settlement of debts	2 875 600	3 725 600
Deposits held with others and custody	2 876 776	3 260 375
Others	61 698 455	41 827 771
	684 422 392	455 949 417

24 - Fixed Assets

	Land and Buildings EGP	Leasehold Improvement EGP	Machines and Equipment EGP	Others EGP	Total EGP
Balance as of 1/1/2014					
Cost	224 586 334	38 707 593	34 408 238	156 448 849	454 151 014
Accumulated depreciation	(26 864 335)	(15 148 475)	(21 332 556)	(86 869 558)	(150 214 924)
Net book value as of 1/1/2014	197 721 999	23 559 118	13 075 682	69 579 291	303 936 090
Additions during the year	31 565 208	71 090	1 982 249	43 403 071	77 021 618
Disposals during the year	--	--	(3 465)	(1 454 603)	(1 458 068)
Adjustments during the year	(462 663)	6 203	--	(85 796)	(542 256)
Depreciation during the year	(5 956 028)	(3 883 840)	(4 196 391)	(19 941 967)	(33 978 226)
Disposals from accumulated depreciation during the year	--	--	3 383	1 096 610	1 099 993
Net book value as of 31/12/2014	222 868 516	19 752 571	10 861 458	92 596 606	346 079 151
Balance as of 1/1/2015					
Cost	255 688 879	38 784 886	36 387 022	198 311 521	529 172 308
Accumulated depreciation	(32 820 363)	(19 032 315)	(25 525 564)	(105 714 915)	(183 093 157)
Net book value as of 1/1/2015	222 868 516	19 752 571	10 861 458	92 596 606	346 079 151
Additions during the year	117 834 655	--	12 583 383	59 913 459	190 331 497
Disposals during the year	--	--	(1 200)	(1 125 066)	(1 126 266)
Adjustments during the year	3 740 243	(22 680)	--	178 370	3 895 933
Depreciation during the year	(8 070 548)	(4 147 646)	(3 768 365)	(26 599 035)	(42 585 594)
Disposals from accumulated depreciation during the year	--	--	945	1 090 581	1 091 526
Net book value as of 31/12/2015	336 372 866	15 582 245	19 676 221	126 054 915	497 686 247
Balance as of 31/12/2015					
Cost	377 263 777	38 762 206	48 969 205	257 278 284	722 273 472
Accumulated depreciation	(40 890 911)	(23 179 961)	(29 292 984)	(131 223 369)	(224 587 225)
Net book value as of 31/12/2015	336 372 866	15 582 245	19 676 221	126 054 915	497 686 247

- Fixed assets (after depreciation) include assets amounted to EGP 107.32 Million at the balance sheet date that have not registered yet in the name of the bank. Legal procedures are currently being undertaken to register those assets.

25 – Balances due to Banks

	31 December 2015 EGP	31 December 2014 EGP
Current accounts	7 227 198	45 604 067
Deposits	--	128 521 800
	7 227 198	174 125 867
Local banks	--	57 120 800
Foreign banks	7 227 198	117 005 067
	7 227 198	174 125 867
Non-interest bearing balances	7 227 198	45 604 067
Fixed interest rate balances	--	128 521 800
	7 227 198	174 125 867
Current balances	7 227 198	174 125 867

26 - Customers' Deposits

	31 December 2015 EGP	31 December 2014 EGP
Demand deposits	5 650 465 409	4 644 806 310
Time deposits	17 063 518 209	14 775 306 662
Certificates of deposit	7 035 487 694	6 192 656 000
Savings deposits	1 362 937 054	1 023 667 602
Other deposits	939 369 620	546 104 731
	32 051 777 986	27 182 541 305
Corporate deposits	19 624 275 131	17 038 571 682
retail deposits	12 427 502 855	10 143 969 623
	32 051 777 986	27 182 541 305
Non-interest bearing balances	2 493 045 760	2 173 051 517
floating interest rate balances	5 948 329 348	4 306 199 468
Fixed interest rate balances	23 610 402 878	20 703 290 320
	32 051 777 986	27 182 541 305
Current balances	25 344 140 273	21 569 036 878
Non-current balances	6 707 637 713	5 613 504 427
	32 051 777 986	27 182 541 305

27 - Other Loans

	Interest Rate (%)	31 December 2015 EGP	31 December 2014 EGP
Bank Audi - Lebanon (S.A.L)- a loan amounted to USD 100 million dated 27 April 2015, due on 26 April 2018	3 month libor + 2.5 %	773 010 000	--
Bank Audi - Lebanon (S.A.L)- a loan amounted to USD 20 million dated 13 March 2015, due on 12 March 2018	3 month libor + 0.75 %	154 602 000	--
Bank Audi - Lebanon (S.A.L)- a subordinated loan amounted to USD 60 million dated 30 December 2015, due on 30 December 2025	3 month libor + 3 %	463 806 000	--
Bank Audi - Lebanon (S.A.L)- a loan amounted to USD 30 million dated 11 January 2015, due on 10 January 2018	3 month libor + 0.75 %	231 903 000	214 203 000
Non - current balances		1 623 321 000	214 203 000

28 - Other Liabilities

	31 December 2015 EGP	31 December 2014 EGP
Accrued interest payable	273 693 753	241 920 706
Unearned revenues	4 233 675	3 980 296
Accrued expenses	33 164 702	25 592 603
Other credit balances	69 800 042	49 654 335
	380 892 172	321 147 940

29 - Other Provisions

31 December 2015	Provision for possible Claims EGP	Provision for legal claims EGP	Provision for contingent Liabilities ** EGP	Total EGP
Balance at the beginning of the year	37 672 606	447 973	6 466 244	44 586 823
Formed during the year*	32 677 131	522 143	2 112 648	35 311 922
Used during the year	(3 000 000)	(138 172)	--	(3 138 172)
Provisions no longer required**	--	--	(3 334 297)	(3 334 297)
Foreign currencies translation differences	--	--	131 185	131 185
Balance at the end of the year	67 349 737	831 944	5 375 780	73 557 461

* Note number (11).
** Contingent liabilities provision represent EGP 699 704 against individual provision and a collective provision for groups of similar credit characteristics amounted to EGP 4 676 076.

31 December 2014	Provision for possible claims EGP	Provision for legal claims EGP	Provision for contingent Liabilities ** EGP	Total EGP
Balance at the beginning of the year	32 536 606	1 047 973	9 532 598	43 117 177
Formed during the year	5 444 031	--	317 289	5 761 320
Used during the year	(308 031)	--	--	(308 031)
Provisions no longer required*	--	(600 000)	(3 425 852)	(4 025 852)
Foreign currencies translation differences	--	--	42 209	42 209
Balance at the end of the year	37 672 606	447 973	6 466 244	44 586 823

* Contingent liabilities provision represent EGP 3 434 000 against individual provision and a collective provision for groups of similar credit characteristics amounted to EGP 3 032 244.

30 - Deferred Income Taxes

Deferred tax has been calculated on all temporary tax differences using the liabilities method and using the effective tax rate of 22.5% for the current financial period.

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

The bank does not offset deferred tax assets and deferred tax liabilities unless the bank has a legally enforceable right to set off current tax assets against current tax liabilities; and if the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Deferred Tax Assets and Liabilities

The movement of deferred tax assets and liabilities are as follows:

Deferred Tax Assets and Liabilities Balances:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2015 EGP	31 December 2014 EGP	31 December 2015 EGP	31 December 2014 EGP
Fixed assets	--	--	(24 874 284)	(25 317 903)
Provisions				
(other than the provision for loan impairment)	10 614 346	10 986 543	--	--
Foreign currencies translation differences	--	3 134 099	(800 920)	(7 265 321)
Total deferred tax assets (liabilities)	10 614 346	14 120 642	(25 675 204)	(32 583 224)
Net deferred tax liabilities	--	--	(15 060 858)	(18 462 582)

Movement of Deferred Tax Assets and Liabilities:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	EGP	EGP	EGP	EGP
Balance at beginning of year	14 120 642	8 506 790	(32 583 224)	(17 256 107)
Tax recognized in income statements	(372 197)	2 479 753	443 619	(8 061 796)
Tax recognized in equity	--	3 134 099	3 330 302	(7 265 321)
Balance at end of year	13 748 445	14 120 642	(28 809 303)	(32 583 224)

Deferred Tax Recognized Directly in Equity

	31 December 2015	31 December 2014
	EGP	EGP
Cumulative change in fair value of Available-for-sale investments	(800 920)	(4 131 222)
Balance	(800 920)	(4 131 222)

31 - Paid up Capital

The authorized and issued capital was amounted to USD 235 million equivalent to EGP 1 337 024 865 divided over 23 500 000 shares valued at par value USD 10 each. All the issued shares are fully paid.

On 23 April 2013; The extraordinary general assembly meeting approved to increase the authorized and issued capital by USD 30 million equivalent to EGP 206 334 000 . Shareholders paid the value of capital increase. Hence; the authorized and issued capital amounted to USD 265 million equivalent to EGP 1 543 358 865 divided over 26 500 000 shares valued at 10 USD each. On 21 November 2013; the capital increase was registered at the commercial register.

On 20 March 2014; the extraordinary general assembly meeting approved to increase the authorized and issued capital by USD 42 million equivalent to EGP 299 884 200. Shareholders paid the value of capital increase in settlement of their dividends for the year 2013 amounted to EGP 317 million. Hence; the authorized and issued capital amounted to USD 307 million equivalent to EGP 1 843 243 065 divided over 30 700 000 shares valued at 10 USD each. On 25 September 2014; the capital increase was registered at the commercial register.

On 14 December 2015; the extraordinary general assembly meeting approved to increase the authorized and issued capital by USD 40 to be settled from Shareholders; the authorized and issued capital amounted to be USD 347 million and divided over 34 700 000 shares valued at 10 USD each. The bank is currently in the procedures to register this increase at the commercial register.

- Shareholders are as follows:

	Number of shares	Book value USD	Currency
Bank Audi "sal" – Lebanon	30 699 998	306 999 980	USD
Bank Audi "sal" – Private services – Lebanon	1	10	USD
Bank Audi "sal" - Business – Lebanon	1	10	USD
Total	30 700 000	307 000 000	USD

32 - Reserves and Retained Earnings

	31 December 2015	31 December 2014
	EGP	EGP
Reserves		
Special reserve	81 099 789	81 099 789
General banking risks reserve	219 936 068	121 292 861
Legal reserve	72 518 218	50 289 048
Capital reserve	137 507	64 906
Available-for-sale investments revaluation reserve	(23 310 294)	15 721 075
Total reserves at the end of the year	350 381 288	268 467 679

Reserves Movements are as follows:

A- Special Reserve

	31 December 2015	31 December 2014
	EGP	EGP
Balance at the beginning of the year	81 099 789	81 099 789
Balance at the end of the year	81 099 789	81 099 789

In accordance with Central Bank of Egypt's rules relating to the preparation and presentation of the financial statements and measurement and recognition bases approved by its Board of Directors on 16 December 2008, the way of measurement 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 posted in first of January 2009 in according to using the former basis of evaluation to the provisions as the new method to special reserve in the owners' equity.
The distribution of this reserve is prohibited except after obtaining approval from the Central Bank of Egypt (CBE).

B- General Banking Risk Reserve

	31 December 2015	31 December 2014
	EGP	EGP
Balance at the beginning of the year	121 292 861	86 505 761
Transferred from retained earnings	98 643 207	34 787 100
Balance at the end of the year	219 936 068	121 292 861

The CBE regulations require banks to form a General Banking Risk Reserve to meet unexpected risks. Such reserve is un-distributable, until it is approved by the Central Bank of Egypt (CBE).
In accordance with Central Bank of Egypt's rules relating to the preparation and presentation of the financial statements and measurement and recognition bases approved by its Board of Directors on 16 December 2008.

C- Legal Reserve

	31 December 2015 EGP	31 December 2014 EGP
Balance at the beginning of the year	50 289 048	31 728 638
Transferred from the net profit for the year	22 229 170	18 560 410
Balance at the end of the year	72 518 218	50 289 048

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

D- Capital Reserve

	31 December 2015 EGP	31 December 2014 EGP
Balance at the beginning of the year	64 906	64 906
Formed during the year	72 601	-
Balance at the end of the year	137 507	64 906

E- Fair Value Reserve –Investments Available for Sale

Available-for-sale investments revaluation reserve

	31 December 2015 EGP	31 December 2014 EGP
Balance at the beginning of the year	15 721 075	80 194 390
Net gains resulting from changes in fair value during the year (Note 21)	64 602 823	7 278 366
Net (gains) losses transferred to income statement as a result of disposal (note 21)	(106 964 494)	(67 620 459)
Deferred tax recognized during the year (note 30)	3 330 302	(4 131 222)
Balance at the end of the year	(23 310 294)	15 721 075

This reserve is un-distributable except after obtaining the approval of the Central Bank of Egypt (CBE).

F- Retained Earnings

	31 December 2015 EGP	31 December 2014 EGP
Movement on retained earnings		
Balance at the beginning of the year	409 868 905	371 110 279
Net profit for the year	586 277 172	444 656 005
Shareholders' profit share for the years 2014,2013	(348 810 421)	(317 294 882)
Employees' profit share for the years 2014,2013	(38 756 713)	(35 254 987)
Transferred to capital reserve	(72 601)	--
Transferred to general banking risks reserve	(98 643 207)	(34 787 100)
Transferred to legal reserve	(22 229 170)	(18 560 410)
Balance at the end of the year	487 633 965	409 868 905

33- Cash and Cash Equivalents

For the purpose of preparing the statement of cash flow, the cash and cash equivalent includes the following balances of maturity dates within less than three months from the date of acquisition:

	31 December 2015 EGP	31 December 2014 EGP
Cash and balances with Central Bank of Egypt (included in note. 15)	162 112 769	142 353 724
Due from banks (included in note. 16)	275 843 414	134 860 708
	437 956 183	277 214 432

34 - Commitment and Contingent Liabilities

A- Legal Claims

Several lawsuits were filed against the bank and are still outstanding as of 31 December 2015. Provision amounted to EGP 831 944 has been formed against these lawsuits.

B- Capital Commitment

The bank is a party to contracts for capital commitments amounting to EGP 77.82 million as of 31 December 2015 (EGP 74.72 million on 31 December 2014). These represent commitments by the bank for the purchases of fixed assets. Management is sufficiently confident that net profit shall be realized and finance shall be made available to cover these commitments.

C- Commitments for Loans Guarantees and Facilities*

The bank's commitments for loans, guarantees and facilities are represented as follows

	31 December 2015 EGP	31 December 2014 EGP
Commitments for loans and other irrevocable liabilities related to credit	473 395 690	466 240 060
Acceptances	61 571 335	160 431 573
Letters of guarantee	2 044 659 788	1 578 984 150
Letters of credit-import	197 581 229	181 373 725
Letters of credit-export	--	4 507
	2 777 208 042	2 387 034 015

*Accounting policy number (3-a/5)

35- Related Party Transactions

The bank is a subsidiary of Bank Audi (SAL) (Lebanon) which owns 99.99999% of the Bank's ordinary shares whereas the remaining percentage of 0.00001% is owned by other shareholders.

Related parties transactions and balances at the end of the year ended at 31 December 2015 are as follows:

A-Loans and advances from related parties

	Parent	
	31 December 2015 EGP(000)	31 December 2014 EGP(000)
Outstanding loans at the beginning of the year	214 203	208 158
Loans obtained during the year	1 367 418	--
Foreign currencies translation differences	41 700	6 045
Outstanding loans at the end of the year	1 623 321	214 203

- Loans granted from parent company are non-secured, with floating interest rate as they are recoverable at the end of contract.

B- Loans and Facilities to Related Parties

	Directors and others key management personnel (and close family members)		Other related parties	
	31 December 2015 EGP(000)	31 December 2014 EGP(000)	31 December 2015 EGP(000)	31 December 2014 EGP(000)
Outstanding loans at the beginning of the year	17 183	14 296	--	--
Issued loans during the year	14 205	18 931	63 440	--
Collected loans during the year	(14 974)	(16 044)	--	--
Outstanding loans at the end of the year	--	--	(1 599)	--
	16 414	17 183	61 841	--

C- Deposits from Related Parties

	Directors and others key management personnel		Other related parties	
	31 December 2015 EGP(000)	31 December 2014 EGP(000)	31 December 2015 EGP(000)	31 December 2014 EGP(000)
Due to customers				
Deposits outstanding at the beginning of the year	19 623	14 155	20 814	43 465
Deposits placed during the year	186 343	131 559	606 173	1 564 530
Deposits repaid during the year	(182 808)	(126 367)	(607 757)	(1 587 247)
Foreign currencies translation differences	1 036	276	385	66
Deposits outstanding at the end of the year	24 194	19 623	19 615	20 814
Interest expense on deposits	1 523	1 605	1 061	1 988

The preceding deposits are unsecured, with floating interest rate and recoverable on call.

D-Other Related Party Transactions

	Other Parties	
	31 December 2015 EGP(000)	31 December 2014 EGP(000)
Due from banks	3 954	111 856
Due to banks	6 498	93 526
Letter of guarantees	63 949	61 082
Letter of credit-import	223	56 425
Paid accepted papers	4 092	3 906

	31 December 2015 EGP(000)	31 December 2014 EGP(000)
Salaries and short-term benefits	1 600	1 750
	1 600	1 750

E- Board of Directors (Non-Executives) and Top Management Benefits

The monthly average of net salaries and benefits for top twenty employees with the largest salaries and benefits reached EGP 3 362 121 during the current financial year ended 31 December 2015 against EGP 3 369 260 for the financial year ended 31 December 2014 .

36- Mutual Funds

The mutual fund is an activity authorized for the bank by virtue of the provisions of Capital Market law no.95 for the year 1992 and its executive regulation.

a) Bank Audi Monetary Mutual fund in EGP (with Daily Accumulated Interest)
The fund is managed by E.F.G- Hermes for fund management. Total number of the outstanding certificates of the fund at 31 December 2015 reached 10 million certificates at a total value of EGP 100 million; out of which; 500,000 certificates (with value of EGP 5 million) are allocated to Bank Audi S.A.E to undertake the activity of mutual funds. These certificates are classified as held to maturity.

The bank currently holds 500,000 certificates by amount of EGP 5 million at 31 December 2015 with a redeemable value amounted to EGP 8,809,045. The redeemable value of a single certificate amounted to EGP 17.618090 at 31 December 2015 and the total outstanding certificates at same date reached 22 478 927 certificates.

On 15 July 2014; the Central Bank of Egypt approved to increase the capital of the fund to reach 110 million certificates by value of EGP 1 100 million, as well as increasing the value of the bank's contribution to the capital of this fund to reach EGP 22 million according to article No. (150) of the executive regulation of the Capital Market law no.95 of 1992, which stipulates that " the maximum amount of investment fund in a mutual fund shouldn't exceed fifty times of its capital, which in turn shouldn't be less than five million Egyptian pounds paid in cash"
Bank Audi S.A.E contribution percentage at 30 June 2015 is 1.68% of the total issued certificates.

According to the management agreement and the fund's prospectus, Bank Audi S.A.E shall receive fees and commissions for supervising the fund and other administrative services. Total commissions for the current year amounting to EGP 2 645 582 for the year ended 31 December 2015 have been reported among the "fees and commission income" line item in the income statement.

b) Bank Audi Monetary Mutual Fund (Ezdhar) in EGP with Daily Accumulated Interests and Variable Periodical Interest
The fund is managed by Acumen asset management and fund management company. Total number of the outstanding certificates of the fund at 31 December 2015 reached 250,000 certificates at a total value of EGP 25 million; out of which; 50,000 certificates (with value of EGP 5 million) are allocated to the bank to undertake the funds' activity. These certificates are classified as held to maturity.

The bank currently holds 50,000 certificates at 31 December 2015 with a redeemable value amounted to EGP 5 056 250. The redeemable value of a single certificate amounted to EGP 101.125 000 at 31 December 2015 and the outstanding certificates at that date reached 117 011 certificate).

According to the management agreement and the fund's prospectus, Bank Audi S.A.E shall receive fees and commissions for supervising the fund and other administrative services. Total commissions for the current year amounting to EGP 66 850 during the year ended 31 December 2015 have been reported among the "fees and commission income" line item in the income statement.

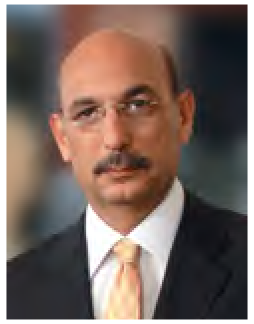
People

Our **People** are the Seeds for past and Future Growth and Innovation

Executive Management

Mr. Hatem A. Sadek
Chairman & Managing Director

Mr. Mohamed A. Fayed
Deputy Chairman & Managing Director



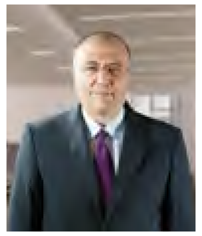
Mr. Yehia K. Youssef
Deputy Managing Director

Management Team

Mr. Mohammed Bedeir
Chief Financial Officer

Mrs. Amany Shamseldin
Chief Operating Officer

Mr. Afdal Naguib
Chief Risk Officer



Mr. Mostafa Gamal
Head of Treasury and Capital Markets

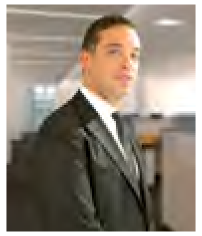
Mr. Ihab Dorra
Head of Retail Banking

Mr. Amr Elaassar
Head of Corporate Business Banking

Mr. Hesham Ragab
Head of Legal Affairs

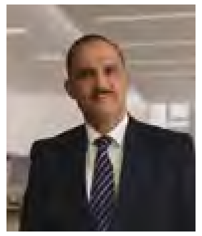
Mr. Amr El-Gueziry
Head of Internal Audit

Mr. Mohamed Latif
Head of Financial Institutions



Mr. Walid Hassouna
Head of Islamic Banking & Structured Finance

Mr. Mohamed Labib
Head of Branch Network

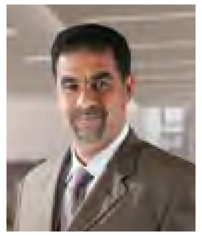


Mr. Maher Hamed
Chief Information Officer

Mr. Bassel Kelada
Head of Retail Credit

Mr. Maroun Aouad
Head of SMEs Banking & Transaction Services

Mr. Ahmed Fouad
Head of Strategic Support



Mr. Walid El-Watany
Head of Human Resources

Mr. Ali Amer
Head of Compliance

Mrs. Doaa Zaki
Head of Audi Première Services

Ms. Heba Gaballa
Head of Marketing & Communication

Mrs. Nevine El Mahdy
Head of Service Excellence

Mr. Hazem El-Shaarawy
Head of Marketing Research

Mr. Mohamed Shalaby
Head of Projects Management Office (PMO)

EXECUTIVE MANAGEMENT

Mr. Hatem A. Sadek Chairman & Managing Director

Mr. Mohamed A. Fayed Deputy Chairman & Managing Director

Mr. Yehia K. Youssef Deputy Managing Director & Executive Board Member

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Senior General Manager
Chief Risk Officer

Mr. Karim Hosni
General Manager
Deputy Chief Risk Officer

Mr. Bassel Kelada
Senior General Manager
Head of Retail Credit

SUPPORT FUNCTIONS

Mr. Mohamed Bedeir	Senior General Manager Chief Financial Officer
Mrs. Amany Shamseldin	Senior General Manager Chief Operating Officer
Mr. Walid El-Watany	General Manager Head of Human Resources
Mr. Maher Hamed	Senior General Manager Chief Information Officer
Mr. Ahmed Fouad	General Manager Head of Strategic Support
Ms. Heba Gaballa	Deputy General Manager Head of Marketing & Communication
Mrs. Nevine El Mahdy	Assistant General Manager Head of Service Excellence
Mr. Mohamed Shalaby	Executive Manager Head of Projects Management Office
Mr. Hazem El-Shaarawy	Executive Manager Head of Market Research

CONTROL FUNCTIONS

Mr. Hesham Ragab	Senior General Counsel Head of Legal Affairs
Mr. Amr El-Gueziry	Senior General Manager Head of Internal Audit
Mr. Ali Amer	General Manager Head of Compliance

Network

Our expanding **Network** reaches out to deliver our Services and meet the changing needs of our Customers

Network

Branches by Governorate

Cairo Governorate

Abbass El-Akkad Branch

Address	70 Abbass El-Akkad Street, Nasr City
Tel	(20-2) 22708790
Fax	(20-2) 22708757

Abbassia Branch

Address	109 Abbassia street
Tel	(20-2) 24664455
Fax	(20-2) 24664453

Abdel Khalek Tharwat Branch

Address	42 Abdel Khalek Tharwat street, Downtown
Tel	(20-2) 23904866 - 23904685
Fax	(20-2) 23904162

Beirut Branch

Address	54 Demeshk Street, Heliopolis
Tel	(20-2) 24508655
Fax	(20-2) 24508653

El-Manial Branch

Address	90 El Manial street, Manial
Tel	(20-2) 23629935 - 23629955
Fax	(20-2) 23630099

El-Obour City Branch

Address	Golf City, Obour City, Shops 43,44,45
Tel	(20-2) 46104325- 46104323
Fax	(20-2) 46104324

Garden City Branch

Address	1 Aisha El-Taymorya Street, Garden City
Tel	(20-2) 27928976 - 27928979
Fax	(20-2) 27928977

Makram Ebeid Branch

Address	1 Makram Ebeid Street, Nasr City
Tel	(20-2) 26731300
Fax	(20-2) 22726755

Masaken Sheraton Branch

Address	11 Khaled Ebn El Waleed Street, Masaken Sheraton
Tel	(20-2) 22683381
Fax	(20-2) 22683433

Mokattam Branch

Address	Plot # 6034; Street 9, Mokattam
Tel	(20-2) 25057040
Fax	(20-2) 25057566

Nady El Shams Branch

Address	17 Abdel Hamid Badawy Street, Heliopolis
Tel	(20-2) 26210943
Fax	(20-2) 26210945

Salah Salem Branch

Address	Bldg. 15 Salah Salem Street, Heliopolis
Tel	(20-2) 24006400
Fax	(20-2) 22607168

Shoubra Branch

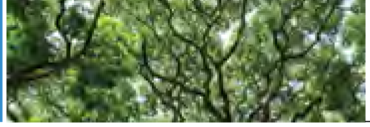
Address	128 Shoubra Street, Shoubra
Tel	(20-2) 22075767
Fax	(20-2) 22075779

Triumph Branch

Address	No. 8, Plot 740, Othman Ibn Affan Street with Mohamed Adly Kafafi, Heliopolis
Tel	(20-2) 26352220
Fax	(20-2) 26424900

Degla Branch - Maadi

Address	1-B 256 Street, Degla, Maadi
Tel	(20-2) 25195238
Fax	(20-2) 25162017



Maadi Branch

Address	Plot ½ , 5 Taksim El-Laselky, New Maadi
Tel	(20-2) 25197901
Fax	(20-2) 25197921

Zamalek Branch

Address	1B Hassan Sabry Street, Zamalek
Tel	(20-2) 33337140
Fax	(20-2) 27375008

Marghany Branch

Address	100 Marghany Street, Heliopolis
Tel	(20-2) 24635765
Fax	(20-2) 24508653

Tayran Branch

Address	40 El Tayran Street, Nasr City
Tel	(20-2) 24048619
Fax	(20-2) 24048683

Madinaty Branch

Address	Block no. 6 / Banking Area / Madinaty project, New Cairo

Tagmoaa EL Khames Branch

Address	Phase one, Waterway compound, block CFS4-CGS4 Al Mostathmreen AL Shamaleya, New Cairo

Giza Governorate

Dokki Branch - Main

Address	104 El Nile Street, Dokki
Tel	(20-2) 33337100
Fax	(20-2) 37483818

EL Batal Ahmed Abdel Aziz

Address	44 El-Batal Ahmed Abdel-Aziz Street, Mohandessin
Tel	(20-2) 33332000
Fax	(2-02) 37480599

Haram Islamic Branch

Address	42 El-Haram Street, El-Haram
Tel	(20-2) 33865056
Fax	(20-2) 33865103

Lebanon Branch

Address	60 Lebanon Street (Lebanon Tower), Lebanon Square; Mohandessin
Tel	(2-02) 33006400
Fax	(2-02) 33026454

Tahrir Street Branch

Address	94 Tahrir Street, Dokki
Tel	(20-2) 33319500
Fax	(20-2) 37486310

Pyramids Heights Branch

Address	Km 22 Pyramids Heights Office Park, Cairo-Alexandria Desert Road
Tel	(2-02) 35343660
Fax	(20-2) 35362053

Sixth of October Branch

Address	Plot # 2/23 - Central District, Six of October
Tel	(2-02) 38353783
Fax	(20-2) 38353780

Shooting Club Branch

Address	13 Nadi El Seid Street, Dokki
Tel	(2-02) 37486427
Fax	(20-2) 38353780

Mossadak Islamic Branch	
Address	56 Mossadak Street, Dokki
Tel	(20-2) 37603520
Fax	(20-2) 37480242

Alexandria Governorate

El Sultan Hussein Branch	
Address	38 El Sultan Hussien Street
Tel	(20-3) 37603520
Fax	(20-3) 37480242
Gleem Branch	
Address	1 Mostafa Fahmy Street, Gleem
Tel	(20-3) 5816000
Fax	(20-3) 5825866
Smouha Branch	
Address	35 (Repeated) Victor Emmanuel Square
Tel	(20-3) 4193765
Fax	(20-3) 4244510
Miami Islamic Branch	
Address	379 Gamal Abdel Nasser Street, Miami
Tel	(20-3) 5505212
San Stefano Branch	
Address	413, El-Gaish Road, Loran
Tel	(20-3) 58 170 25
Fax	(20-3) 58 597 90

Daqahlia Governorate

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

Gharbia Governorate

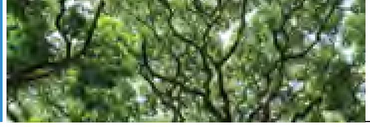
Tanta Branch	
Address	Intersection of El-Geish Street & El-Nahda Street
Tel	(20-40) 3389600
Fax	(20-40) 3403100

Red Sea Governorate

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

Neama Bay Branch - Sharm El Sheikh	
Address	207 Rabwet Khaleeg Neama
Tel	(20-69) 3604515
Fax	(20-69) 3604520



Call Center 16555

ATMs Locations by Governorate

ATM Name	Addresses
Cairo Governorate	
Al-Ahram Newspaper	Al Galaa Street, Downtown
Mokattam Branch	Plot # 6034, Street 9, Mokattam
Wadi Degla Club	Zahra El Maadi, Wadi Degla Club
Makram Ebeid Branch	1 Makram Ebeid Street, Nasr City
Khair Zaman Market - Nasr City	Plot # 14 Block # 6 , District 11, Nasr City
Makram Ebeid Branch 2	1 Makram Ebeid Street, Nasr City
On the Run – JW Marriott	JW Marriott, Katamiya
.Mobil Tagamoa 90^{th} street	90^{th} street, Tagamoa.
Exxon Mobil - El-Tagamoa El-Khames	Exxon Mobil, El-Tagamoa El-Khames - Behind Mogamah Al Mahakam Al Gedida, New Cairo
Beirut Branch	54 Demeshk Street, Heliopolis
On the Run – Roxy	72 EL-Khalifa Mämoun, Heliopolis
Kheir Zaman Market - Hegaz	El-Hegaz Street, Merryland, Heliopolis
Shoubra Branch	128 Shoubra Street, Shoubra
El Shams Club Branch	17 Abdel Hamid Badawi Street, Heliopolis
Masaken Sheraton Branch	11 Khaled Ibn El-Waleed Street, Masaken Sheraton
Mobil El Zamalek	26^{th} of July street Cairo, Zamalek
On the Run – El-Rehab	El-Rehab City - entrance No. 13
Exxon Mobil - Autostrade Nasr City - FBI	Exxon Mobil - FBI -Autostrade road, Nasr City
El Tahrir Branch	94 El Tahrir Street, Dokki
Abbassia Branch	109 Abbassia Street
El-Sawamea	1 El-Sawah Square, Saraya El-Kouba
El-Obour City Branch	Golf City, Obour City, Shops 43, 44, 45
Exxon Mobil - Gesr El Suez	Exxon Mobil - Gesr El Suez 19, facing El Herafyeen, start of Cairo Ismailia Road
Triumph Branch	Othman Ibn Affan street. intersection with Mohamed Adly Kafafi
On the Run – Mobil El-Nozha	Exxon Mobil El-Nozha
Tharwat Branch	42 Abd El-Khalek Tharwat
Salah Salem	15 Salah Salem street, Heliopolis
City Stars	City Stars Mall, Gate 1, After security entrance
Garden City	1 Aisha El-Taymoria Street, Garden City
Spinney's City stars	City Stars ground floor
Mobil Hassaen El Ma'moun	6^{th} Hassan el Sherif (Hassan El-Ma'moun) street
Mobil Farid Semeika	Farid Semeika street, near El-Shams Club, Heliopolis
Abbas El-Akkad Branch	70 Abbass El-Akkad street, Nasr City
Ventitrie Café	23 El-Sheikh Ali Abdel Razek, El Hegaz, El Nozha
Katameya Heights	Katameya Heights compound, inside the Club House, Fifth District

Giza Governorate	
Mosaddak Islamic Branch	56 Mosaddak Street, Dokki
Dokki Main Branch	104 El-Nile street, Dokki
On the Run – Dokki	50 El-Giza street, in front of Sheraton Al-Qahera, Dokki
Lebanon Branch – 1	60 Lebanon street, Lebanon Square, Mohandessin
Lebanon Branch – 2	60 Lebanon street, Lebanon Square, Mohandessin
Samcrete - El-Haram	8 El Mansoura Road, next to Koki Park, El Haram
El-Batal Branch	44 El-Batal Ahmed Abdel-Aziz street, Mohandessin
On the Run – Gameat El-Dowal El-Arabia	63 Gameat EL-Dowal El-Arabia, Mohandessin
Manial Branch	90 El-Manial street
Exxon Mobil - El-Manial	59 El-Manial street
Mossadak Branch 2	56 Mosaddak street, Dokki
El-Shorouk Hospital	Ahmed Orabi street, Mohandessin
El-Haram Branch	42 El-Haram street
Sixth of October District	
6^{th} of October Branch	Plot # 2/23, Central district
Sheraton Dreamland	Sheraton Dreamland Hotel
Hyper One	Hyper One Mall, El-Sheikh Zayed
Seoudi Market – 6^{th} of October	Seoudi Market, El-Sheikh Zayed
Pyramids Heights 1	Pyramids Heights Office Park, KM 22 Cairo-Alexandria Desert Road
Pyramids Heights 2	Pyramids Heights Office Park, KM 22 Cairo-Alexandria Desert Road
Union Air 1	6^{th} of Oct 3rd Industrial Zone - Piece no. 609
Union Air 2	6^{th} of Oct 3rd Industrial Zone - Piece no. 609
Union Air 3	6^{th} of Oct 3rd Industrial Zone - Piece no. 609
.Hazem Hassan Co	KM 22 Cairo-Alex Desert Road, Pyramids Heights Office Park
Haram City	Haram City, beside Tamr Henna
Dar El Mona	KM 15, Cairo – Alexandria desert road
Arkan Mall	Beside Americana Plaza, El-Sheikh Zayed
Seasons country club	KM 17, Cairo – Alexandria desert road
Spinney's City Scape	Inside City Scape mall after El-Hosary mosque
Spinney's Mall of Arabia	Inside Mall of Arabia
Helwan Governorate	
Degla Branch	1-B, 256 Street, Degla, Maadi
New Maadi branch	Plot no. 1 & 2 D/5 Taksim El-Laselky, intersection of El-Nasr & El-Laselky
Alexandria Governorate	
El-Sultan Hussein Branch	33 Sultan Hussein Street
City Center Alexandria	City Center Alexandria - Gate 3 After security entrance on the right
Smouha Branch	35 Victor Emmanuel Square
Mobil - Merghem	14 May in front of Alex Medical Center, Smouha
Metro Market - Loran	25, 27 Serhank Pasha , Loran
Miami Branch	4 street, 489, Montazah division
Gleem Branch	1 Mostafa Fahmy Street, Gleem
Smouha branch 2	35 Victor Emmanuel Square
Metro Roshdy	Roshdy
Four seasons – San Stefano	Old residence zone in the lobby

Giza Governorate	
Mosaddak Islamic Branch	56 Mosaddak Street, Dokki
Dokki Main Branch	104 El-Nile street, Dokki
On the Run – Dokki	50 El-Giza street, in front of Sheraton Al-Qahera, Dokki
Lebanon Branch – 1	60 Lebanon street, Lebanon Square, Mohandessin
Lebanon Branch – 2	60 Lebanon street, Lebanon Square, Mohandessin
Samcrete - El-Haram	8 El Mansoura Road, next to Koki Park, El Haram
El-Batal Branch	44 El-Batal Ahmed Abdel-Aziz street, Mohandessin
On the Run – Gameat El-Dowal El-Arabia	63 Gameat EL-Dowal El-Arabia, Mohandessin
Manial Branch	90 El-Manial street
Exxon Mobil - El-Manial	59 El-Manial street
Mossadak Branch 2	56 Mosaddak street, Dokki
El-Shorouk Hospital	Ahmed Orabi street, Mohandessin
El-Haram Branch	42 El-Haram street
Sixth of October District	
6th of October Branch	Plot # 2/23, Central district
Sheraton Dreamland	Sheraton Dreamland Hotel
Hyper One	Hyper One Mall, El-Sheikh Zayed
Seoudi Market – 6th of October	Seoudi Market, El-Sheikh Zayed
Pyramids Heights 1	Pyramids Heights Office Park, KM 22 Cairo-Alexandria Desert Road
Pyramids Heights 2	Pyramids Heights Office Park, KM 22 Cairo-Alexandria Desert Road
Union Air 1	6th of Oct 3rd Industrial Zone - Piece no. 609
Union Air 2	6th of Oct 3rd Industrial Zone - Piece no. 609
Union Air 3	6th of Oct 3rd Industrial Zone - Piece no. 609
.Hazem Hassan Co	KM 22 Cairo-Alex Desert Road, Pyramids Heights Office Park
Haram City	Haram City, beside Tamr Henna
Dar El Mona	KM 15, Cairo – Alexandria desert road
Arkan Mall	Beside Americana Plaza, El-Sheikh Zayed
Seasons country club	KM 17, Cairo – Alexandria desert road
Spinney's City Scape	Inside City Scape mall after El-Hosary mosque
Spinney's Mall of Arabia	Inside Mall of Arabia
Helwan Governorate	
Maadi Branch	1-B, 256 Street, Degla
New Maadi branch	Plot no. 1 & 2 D/5 Taksim El-Laselky, intersection of El-Nasr & El-Laselky
Alexandria Governorate	
El-Sultan Hussein Branch	Sultan Hussein Street 33
City Center Alexandria	City Center Alexandria - Gate 3 After security entrance on the right
Smouha Branch	Victor Emmanuel Square 35
Mobil - Merghem	May in front of Alex Medical Center, Smouha 14
Metro Market - Loran	Serhank Pasha , Loran 27 ,25
Miami Branch	street, 489, Montazah division 4
Gleem Branch	Mostafa Fahmy Street, Gleem 1
Smouha branch 2	Victor Emmanuel Square 35
Metro Roshdy	Roshdy
Four seasons – San Stefano	Old residence zone in the lobby

Daqahlia Governorate	
El-Mansoura Branch	Saad Zaghloul street, Toreil 26
Khair Zaman Market – El-Mansoura	Suez Canal Street with El-Shaheed Mahmoud Abdel Maksoud - Borg El-Nour, El-Mansoura
Gharbia Governorate	
Tanta Branch	Intersection of El-Geish & El-Nahda Streets
Metro Tanta	Said street, Kitchener square 32
Red Sea Governorate	
El-Gouna Branch	Service Area # Fba-12e, El-Balad District, El-Gouna
Al-Bostan Mall – El Gouna	Al Bostan Mall, El-Gouna
Sheraton Road Branch	Taksim El Hadaba El Shamaleya, 167 Sheraton Road, Hurghada 23
Spinney's Senzo Mall	Senzo Mall, Hurghada
South Sinai Governorate	
Hadabet Om El-Seed – Sharm El-Sheikh	Plot 28 – Hadabet Om El-Sid – Pyramids Mall
Neama Bay Branch – Sharm Branch	Rabwet Khaleeg Neama 207
Sharkeya Governorate	
El-Nasagoon El Sharkion 1	(Oriental Weavers Factory (10th of Ramadan
El-Nasagoon El Sharkion 2	(Oriental Weavers Factory (10th of Ramadan
Monofia Governorate	
Almatex - Sadat City	Almatex, Sadat City
Egyptian Spinning Company – Sadat City	Egyptian Spinning Company, Sadat City
Horizon – Sadat City	Granite Prima Company, Sadat City