Bank Audi

ANNUAL REPORT 2016 EGYPT

INDEX

01 OVERVIEW

OUR VISION IS PLANNING TO BRING THE FUTURE INTO PRESENT

1. Overview

A.The Chairman's Statement

I am proud to introduce this 2016 Annual Report of Bank Audi Egypt. Last year we completed the first decade of the Bank's remarkable development and results. In that time, the Bank has positioned itself as a significant and recognized professional provider of banking services in Egypt. Despite the unprecedented level and magnitude of changes in the local, regional and global economies and banking environment, Bank Audi steered a clear and consistent path towards delivering value to all its stakeholders. This value has been built on a well-balanced strategy and banking models that reflect the Bank's vision, mission and values. Our continued effort to work in partnership with our clients, the Egyptian community and our staff is firmly based on those values, not least quality and innovation.

In 2016 we again produced record financial results but perhaps more importantly, a sustainable platform from which to fulfil the requirements of our existing and new customers as a trusted and high quality provider of financial services. We recognize that we must be both a leader and adaptable in our responsiveness to change in all its facets. The challenges and changes that Egypt is facing have ongoing consequences for the banking sector. The brave new world of a free floating Egyptian pound and other structural adjustments to the economy have to be accepted and used positively by both the banks and the wider Egyptian community that they serve, to build a better, more equitable and optimistic environment for future generations. This Report will try to explain how Bank Audi reflects these aspirations by investing in and enhancing its technical and innovation led services and resource capabilities. We are striving to reach out to two of the most dynamic ingredients of Egypt's future, namely the younger generation and the SME business sector.

We would not have been able to achieve such highly credible results or be ready to fulfil our future role without building sound risk management. As one example, this is reflected in consistently having one of the lowest impairment and loss ratios in the banking sector across all our credit activities. However, being aware of the future necessity for achieving even higher standards of pro-active risk management and bank-wide governance, the General Assembly of Bank Audi convened on 2/3/2017 and brought into effect our Board resolution dated 16/5/2016 to restructure the role and responsibilities at the top of the Bank's organization chart. The resolution stipulated that the Chairman of the Board should be a non-executive role, while appointing a Chief Executive Officer to implement the Bank's strategy and provide leadership to management. In this respect, the Board was cognizant of the latest trends and best practice in Governance among leading international banks. Accordingly, the Board appointed Mr. Mohamed Abbas Fayed, our Deputy Chairman and Managing Director, to assume the responsibilities of Chief Executive Officer / Managing Director, while Shareholders gave me the honor to continue leadership of the Board as Non-Executive Chairman.

Finally, I must express my sincere thanks and appreciation to the drive, dedication and contribution of our shareholder, Board of Directors, managers and staff, with a special mention to so many of them that have completed 10 years of admirable service to the Bank. I remain confident that the fruitful personal, business and institutional relationships that we have built together with our different customers over the previous years can be further strengthened in the future, not only for continuing mutual benefit but also for the value added to our country and the community of Egypt.

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

The Bank is a regional Bank. It operates principally in Lebanon, the MENA region and, since November 1, 2012, in Turkey, offering a full range of products and services that principally cover commercial and corporate banking, retail and personal banking and private banking, as well as ancillary activities such as investment banking and factoring. As at end-December 2016, the Bank ranked first among Lebanese banks in terms of total assets (LL 66,926 billion), shareholders' equity (LL 5,711 billion), customers' deposits (LL 54,203 billion), loans and advances (LL 26,145 billion) and net profits (LL 709 billion). In addition to its historic presence in Lebanon, Switzerland and France, the Group currently operates in Jordan, Egypt, Saudi Arabia, Qatar, Abu Dhabi (through a representative office), Monaco, Turkey and Iraq.

As at End-December 2016, the Bank had one of the largest branch networks in Lebanon, with 84 branches (80 operating) covering the Greater Beirut area and other strategic regions in Lebanon, as well as, through its foreign subsidiaries, a network of 117 branches in the MENAT region (outside of Lebanon), including 15 branches in Jordan, 43 in Egypt and 50 branches in Turkey. The Bank has two subsidiaries in Lebanon, two subsidiaries in Europe, as well as an asset management company in Monaco, four subsidiaries in the MENA region outside Lebanon and a subsidiary in Turkey.

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

As at End-December 2016, the Bank and its consolidated subsidiaries had 7,017 employees, including 3,331 persons employed in Lebanon, 1,680 persons employed at Odea Bank in Turkey and 1,463 persons employed at Bank Audi Egypt.

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.

The Bank recorded outstanding financial performance ratios with a net profit of EGP 1,883 million at end-December 2016 up from EGP 586 million at end-December 2015.

As transparency is one of Bank Audi main core value, the Bank consolidated net profit after normalization of the FX impact has recorded EGP 734 million which represents a

growth of 40% compared to the previous year. This increase is achieved despite the Bank allocated provisions of EGP 272 million while maintaining the same non-performing ratio of 1.5%; which is considered one of the best ratios in the Banking Sector. In addition to the growth of the loans & advances portfolio by 30% reaching EGP 24.1 Billion excluding the FX impact.

Net Interest Income increased by 36% (y-o-y) to reach EGP 1.491 Billion in 2016; in addition, net fees and commissions increased by 49% to reach EGP 432 million in 2016.

Foreign Exchange translation gains represented EGP 1,520 million. Salaries and related costs grew by 21% and other administrative costs by 24%, despite the continuing and additional manpower and other resource costs associated with the Bank's technology transformation program. While Impairment charges rose given the external environment, impairments still represented only 2% of customer loans which was credibly low compared to bank market comparisons.

Gross loans increased to EGP 30.1(Normalized 24.1) billion at end of December 2016, compared to EGP 18.5 billion at end of December 2015.

As in 2015, 96% of the Loan and Advances portfolio was maintained in the two highest internal risk ratings, with 91% of the portfolio having no past dues or impairment indicators (versus 72% in 2015).

In parallel, consolidated customers' deposits rose to EGP 45.5 Billion end of December 2016 and EGP 39.4 billion after normalization of the FX impact, rising by 23% compared to 2015, while non-interest bearing balances increased by 84%.

Total assets reached EGP 55.1 Billion at end- December 2016 being EGP 45.2 Billion after normalization of the FX impact, recording an increase of 21% compared to 2015

Total equity grew to EGP 4.648 billion versus EGP 2.990 billion in 2015 with capital adequacy ratio 10.1% . Earnings per share reached 50.47 (versus 14.38) and leverage decreased to 3.94% (versus 5.45%).

E. The Egyptian Economy in 2016

The year 2016 was mixed for the Egyptian Economy, which is facing both opportunities and challenges.
The country is going through large structural reforms, which are set to secure sound growth in the economy in the medium term. However, such reforms carry intermediate costs, mainly at the level of monetary and exchange pressures that add to geopolitical and security threats with considerable burden on the real sectors of the economy.

As a matter of fact, the Egyptian Economy reported a real GDP growth of 3.8% in 2016, slightly lower than the 4.2% registered in the previous year, but still outpacing overall population growth. The real sector slowdown comes within the context of shrinking foreign demand amid lower touristic receipts and financial inflows, while domestic demand continues to grow satisfactorily. Reflecting the sluggish touristic performance, the number of tourists was down by 48% over the first nine months of 2016 relative to last year's same period. The balance-of-payments figures for 2015/16 indicate a record current-account deficit of US$ 18.7 billion, compared with US$ 12.1 billion in the previous year.

Within this environment, Egypt adopted significant structural measures including a currency flotation, increases in fuel and power prices, a new value-added tax and increases in custom duties. The reforms had already contributed to a rise in Egypt's core inflation, but inflationary pressures are expected to ease in the second half of 2017. Core inflation jumped to 24.3 percent in December, an eight-year high. The rise in inflation has adverse effects on real income, which adversely impacts consumption.

Linked to that is the monetary drift. The Egyptian Pound exchange rate reached 18.11 Pounds per dollar by year-end 2016, against 7.83 at year-end 2015, following the decision on November 3 to move from a fixed exchange rate system to a floating exchange rate regime. The large depreciation of the exchange rate comes despite reinforced Central Bank reserves that exceeded US$ 24.3 billion at year-end 2016 (against US$ 16.5 billion at year-end 2015), following the IMF deal and the stream of financing agreements with the World Bank and African Development Bank and others.

The decision to float the EGP and to reign in energy subsidies should help increase investment, and improve the net export contribution to growth. But a slowdown in consumption could prevent a rapid growth rebound in the current fiscal year. Prolonged periods of FX shortages over the past few years, along with elevated socio political and security related risks, have severely undermined investment growth. Investment has dipped from 21% of GDP in 2010 to around 14% currently. In parallel, the erosion of competitiveness as a result of real appreciation of the EGP contributed to a sharp fall in exports by 25% over the same period.

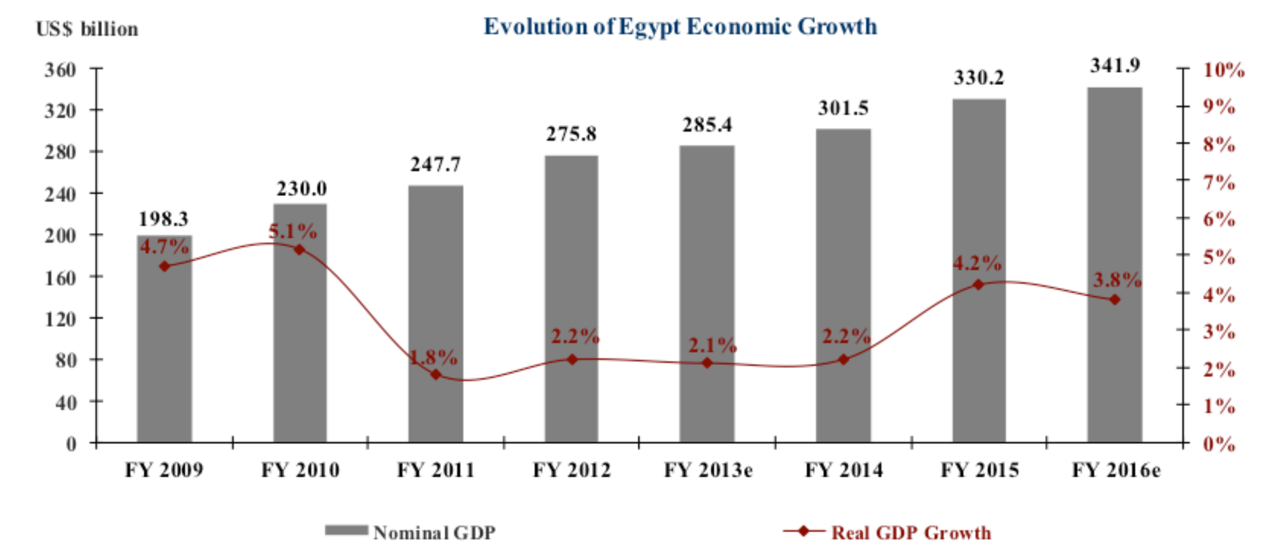
Beyond helping to bridge Egypt's large external financing needs, the agreement with the IMF would send a strong signal to domestic and foreign investors that the authorities are committed to achieve macroeconomic stability and to improve the business environment. According to the IMF program, Egypt is set to decrease its debt ratio to reach 88% of GDP by 2018/19 from its current level of 98% and to turn its 3.5% primary deficit to GDP ratio to a surplus of 2%, which represent ambitious targets for the Egyptian State authorities in general.

At the banking sector level, the banking system has been relatively resilient to the macro/monetary pressures amidst a tough operating environment. In details, over the first nine months of 2016, bank assets grew by 23.4% when expressed in Egyptian Pound, while deposits grew by 15.0% over the period. In parallel, bank loans to the private sector grew by 22.6%, suggesting growing lending opportunities in an economy operating below potential. Net profits for 9 listed banks reported a yearly growth of 35.6% over the first nine months of 2016 relative to the corresponding period of 2015. Financial soundness indicators remain satisfactory, with a non-performing loan ratio of 5.9% of total loans along with a provisioning ratio of 99.0% of non-performing loans, a capital adequacy ratio of 13.8% and a return on average assets of 1.5% and a return on average equity of 24.4%. Within this environment, banking activity in Egypt continues to be sound amid a strictly regulated environment, with opportunities outpacing challenges for operating banks at large.

Comparative Banking Sector Indicators in Egypt

(LE billion)	Dec-14	Dec-15	Variation	% Change	Dec-15	Dec-16	Variation	% Change
Bank Assets	1,968.4	2,485.5	517.1	26.3%	2,485.5	3,962.6	1,477.1	59.4%
Bank Deposits	1,559.8	1,914.6	354.8	22.7%	1,914.6	2,761.1	846.5	44.2%
Bank Loans	629.2	791.5	162.3	25.8%	791.5	1,300.2	508.7	64.3%

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



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

02 GOVERNANCE

WE EXPLORE AND DISCOVER
THE ROAD TO THE SUMMIT

2. Corporate Governance

A.Board of Directors

Members	Status	Corporate Governance, Nomination and Remuneration Committee	Risk Committee	Audit Committee
Mr. Hatem Sadek Chairman	Non – Executive		☐	
Mr. Mohamed Fayed CEO & Managing Director	Executive			
Mr. Mohamed Bedeir Deputy CEO & Chief Banking Services Officer	Executive			
Mr. Raymond Audi	Non – Executive			
Dr. Freddie Baz	Non – Executive	☐	☐ Chair	
Dr. Marwan Ghandour	Non – Executive	☐ Chair		☐ Chair
Dr. Imad Itani	Non – Executive			
Mr. Samir Hanna	Non – Executive			
Mr. Maurice Sayde	Independent			☐
Dr. Mohamed Taymour	Independent	☐	☐	☐

MR. HATEM A. SADEK

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

Mr. Hatem Sadek graduated with a BSc in Economics & Political Science from Cairo University. He started working in 1964 as an assistant to the Chief Executive Officer in the Information Bureau of the President of Egypt. Between 1968 and 1974, Mr. Sadek became Manager of the Research Center for Strategic Studies and editor at Al Ahram newspaper. He then joined the Bureau of the Secretary General of the League of Arab States for one year.

Mr. Sadek's banking career started in 1976 when he established Arab Bank PLC regional office and branches in Egypt and held the position of Senior Executive VP & Chief Country Manager; in addition to Chairman of the Strategic Planning Committee for the Arab Bank worldwide between 2000 - 2001.

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

Mr. Sadek then became Consultant to Banque Misr's Board of Directors for Change and Restructuring Programs before joining Bank Audi sae in 2006 as Chairman & Managing Director.

He was also a Board Member of Odeabank A.Ş Turkey, a subsidiary of Bank Audi sal - from November 2012 till March 2017.

MR. MOHAMED A. FAYED

CEO & Managing Director since March 2017
Deputy Chairman & Managing Director from October 2014 until March 2017

Mr. Mohamed Fayed joined Bank Audi in October 2014 as a Deputy Chairman and Managing Director, later in Mid 2016 he was elected by the Board of Directors to act as a Co-Chairman. Finally, the General Assembly held on March 2nd nominated Mr. Fayed as the CEO & Managing Director.

Mr. Fayed has 28 years' experience in banking, diversified in two leading local and multinational banks in Egypt, namely Banque Misr and Misr International Bank, (acquired by National Société General Bank than later acquired by Qatar National Bank).

He was the Executive Vice Chairman of Banque Misr, the second largest Bank in Egypt from June 2010 till September 2014, in charge of all Lines of Business including Corporate Banking & Syndication, Treasury & Capital Markets, Financial Institutions, Islamic Banking, Retail Banking, 500 Branches, Investment Banking, Information Technology and all Overseas Subsidiaries.

His major target during his last 4 years at Banque Misr was to boost the Bank businesses' activities in all areas. He managed over 12,000 employees, and led a remarkable growth of 52% in total footing, 226% net profit and total assets reached around US$ 40 Billion, being attributed to his restructuring of that bank's 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 EGP300 Billion in various economic sectors with a great value for the economy and helped Banque Misr to reach the 4th ranking for the first time on Bloomberg League table as a mandated lead arranger.

Additionally, he was the Vice Chairman of Misr Bank Europe – Germany and Board Member in Bank Misr Liban, as well as Member of the Canadian Chamber and the American Chamber of Commerce. Mr. Fayed 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., and Misr Financial and Investment Co.

Mr. Fayed started his career back in 1989, when he joined Misr International Bank and remained for 18 years in Corporate Banking 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 National Société Generale Bank.

MR. MOHAMED M. BEDEIR

Deputy CEO & Chief Banking Services Officer since May 2016 having held several positions since January 2007, the last being CFO of Bank Audi sae.

Mr. Mohamed Bedeir was nominated as Board Member & Deputy Managing Director of Bank Audi Egypt in May 2016. Mr. Bedeir first joined Bank Audi Egypt in January 2007 and since then he has led and overseen several functions in Risk Management and Finance, acting as the Chief Financial Officer from April 2009 until April 2016.

As a CFO at Bank Audi Egypt, Mr. Bedeir has worked on formulating and developing the Bank's financial strategy, as well as taking an active part in its elaboration, ensuring proper implementation and achievement across the bank's widening range of activities. He also contributed to designing and guiding the bank's budgeting and business planning processes.

As a previous leader of Market Risk and Asset and Liability Management Units in Bank Audi Egypt, he was responsible for the implementation and management of the decisions and policies of the Asset & Liability Management Committee (ALCO), formulating and proposing changes in policies to the ALCO, as well as ensuring the efficiency of the Fund Transfer Pricing system (FTP). He was also in charge of initiating policy and limit proposals in respect of market risk exposures, and validating risk management methodologies and assumptions employed by business units.

Mr. Bedeir has more than 25 years of professional banking experience within the Egyptian Market. He began his career in 1991 with Misr International Bank where he worked in Letters of Guarantees, Import and Export L/Cs, as well as Multinational corporate banking field. In 2000, he became Manager of Investment and Private Equity Division, then Head of Asset & Liability Management during the period from 2002 until 2005.

He also held the position of Head of Asset & Liability Management at the National Societe General Bank during the period from 2005 until 2007.

Mr. Bedeir graduated with a B.A. in Management from Sadat Academy for Managerial Science – Faculty of Management in 1991. He holds a Master's Degree in Business Administration with specialization in Banking from Arab Academy for Banking & Financial Sciences in 2011.

MR. RAYMOND W. AUDI

Board Member since April 2006

Mr. Raymond Audi acted as Chairman of the Board of Directors and General Manager for Bank Audi sal from December 2009 until April 2017.
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. 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. Audi is the recipient of several honors and awards, including, in July 2007, an Honorary Doctorate in Humane Letters from the Lebanese American University.

In April 2017, Mr. Audi , 84, stood down from the Board of Directors of Bank Audi sal, after having served as Director of the company since its incorporation in 1962, in order to devote more time to his personal life and was appointed Honorary Chairman of Bank Audi sal.

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 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. 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. 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. 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. Ghandour holds a PhD in Economics (Econometrics) from the University of Illinois (Post doctorate research at Stanford University).

MR. SAMIR 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.

Mr. 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.

In April 2017, Mr. Hanna was elected "Chairman of the Board - General Manager" of Bank Audi sal succeeding Mr. Raymond Audi. Since then, Mr. Hanna serves as Chairman of the Board and Group Chief Executive Officer of Bank Audi.

DR. IMAD I. ITANI

Board Member since May 2016

Dr. Imad Ibrahim Itani joined Bank Audi sae as Board Member in May 2016. Prior to joining the Bank, Dr. Itani held several key positions in Corporate Finance for major energy companies in Canada. In parallel, he taught Economics and Finance to graduate students at the American University of Beirut. He joined Bank Audi in 1997 and headed the team that successfully launched the Bank's Retail business line, today a major pillar of the Bank's innovative and leading position. In 2002, Dr. Itani was appointed Deputy General Manager and Member of the Board of Directors of Bank Audi sal. He was later appointed General Manager - Head of Group Retail Banking. Dr. Itani is also the Chairman of the Bank's Sudanese Islamic Banking subsidiary acquired within the context of the Bank's regional expansion. He is the Chairman of Audi Investment Bank sal, a fully owned subsidiary of Bank Audi, and member of the Board of Directors of Odea Bank A.Ş., Bank Audi's subsidiary in Turkey, in addition to his responsibilities as Head of Group Retail Banking and Head of Group Islamic Banking. Dr. Itani holds a PhD in Economics from the University of Chicago.

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. 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.

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

Has passed away

Dr. Mohamed Taymour is Chairman of Pharos Holding, an investment bank that includes Brokerage, Asset Management, Advisory Activities, and Private Equity. Dr. 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. 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. 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. 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.

Composition of the Board of Directors

Members of the Board of Directors serving throughout the year 2016 were elected by a resolution of the Ordinary General Assembly of shareholders held on March 2015 for a three-year term expiring on the date of the annual Ordinary General Assembly meeting (expected to be held in March 2018) that will examine the accounts and activity of the year 2017.

The Ordinary General Assembly held in March 2017 considered the appointment of two new members to the Board of Directors, in addition to adopting the segregation of duties principle through segregating between the authorities and duties of the Chairman of the Board and the Managing Director to cope with international standards and best practices for effective Corporate Governance.

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

Definition of "Director independence" as per the Bank's Governance Guidelines (summary): "In order to be considered an independent non-executive director by the Board, a director should have no relationship with the Bank that would interfere with the exercise of independent judgment in carrying out responsibilities as a director. ▪ Such a relationship should be assumed to exist when a director: Is him/herself or in conjunction with any of his/her affiliates a significant client of the Bank. A significant client is considered one who is among the top 10 clients of the Bank or any of its affiliated companies, in terms of either total value of credit outstanding, deposits or fees paid during the previous calendar year. ▪ Is him/herself or in conjunction with any of his/her affiliates a significant supplier of the Bank, having supplied to the bank services or goods worth more than EGP 8MM over the preceding 3 calendar years. ▪ Has been a consultant to the Bank or a partner or employee in a firm that provides consulting services to the Bank over the year preceding the appointment. ▪ He/she or his/her affiliates have been over the 3 years preceding his appointment a partner or an employee of the Bank's external auditor. ▪ He/she was employed for the Bank or any of its affiliates over the 3 years preceding his/her appointment. ▪ He/she or his/her affiliates are partners with the Bank in any joint venture or other type of partnership that represents more than 2% of either of the partner's revenues, in terms of the balance sheet value of their respective stakes. ▪ He/she are an affiliate - up to the fourth degree - of any of the Board members, or the Bank's Senior Management and/or their related parties. ▪ He/she is earning from the bank any kind of salary or fund other than his/her allowance as a Board member. ▪ He/she are BoD members for a period exceeded six consecutive years. For the purposes of the present Guidelines an affiliate of a director or member of the Bank's Senior management and/or their related parties, as the case may be, is defined as: (a) any immediate relative up to fourth degree of kinship or spouse or (b) any commercial entity of which a director or its affiliates under (a) are Board members, senior executives or partners or of which they control directly or indirectly more than 10% of its decision making rights."

Frequency of Meetings

In 2016, the Board of Directors held 6 meetings, the Audit Committee held 7 meetings, the Risk Committee held 6 meetings, the Corporate Governance, Nomination and Remuneration Committee held 2 meetings and the Executive committee held 6 meetings.

Changes to the Board of Directors During the Year 2016:

In 2016, the Board of Directors resolved to appoint Mr. Mohamed Bedeir - Deputy CEO as an Executive Board Member and appoint Dr. Imad Itani as a Non-Executive Board Member. In addition, Mr. Yehia Kamel resigned from his position as Deputy Managing Director and Executive Board Member.

Changes to the Board of Directors During the Year 2017:

According to Ordinary General Assembly meeting held on 2/3/2017, and as per its resolution, Mr. Hatem Sadek currently holds the position of Non-Executive Chairman. Moreover, Mr. Mohamed Fayed currently holds the position of CEO & Managing Director.

Sharia' Supervisory Board

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

Auditors

- PricewaterhouseCoopers (PWC)
- BDO Khaled & Co.

B.Governance

Corporate Governance Statement

Introduction

In line with its long-standing commitment to sound governance, the Board of Directors of Bank Audi sae continued, in 2016, to give significant consideration to the Bank and the Group's Governance practices. As in previous years, it monitored the genuine implementation of the Governance Guidelines and revisited a number of governance related policies and charters, further articulating some and adopting new ones as necessary to continuously enhance the effectiveness of the framework. Changes introduced to the Governance framework of the Bank during 2016 (and 2017 to date) include the adoption, review and/or update of a number of Governance, Compliance and Risk-related policies, notably the adoption of a new "Code of Ethics". As usual, the Bank also continued to monitor the evolution in Governance related regulations and best practices in order to ensure that the necessary changes are introduced to its own guidelines and processes. Bank Audi's Board is satisfied that the Bank's Governance framework

conforms to applicable directives and guidelines and is adapted to the Bank's needs and to the high expectations of its stakeholders. The Board is also satisfied that, in 2016, it has fully discharged all its responsibilities, as mapped in its yearly rolling agenda, and has acted on the recommendations of its committees that also substantially discharged all of their own responsibilities.

Governance Framework

Bank Audi sae is governed by a Board of Directors consisting of 10 members elected by the General Assembly of shareholders for terms not exceeding 3 years. The responsibility of the Board is to ensure strategic direction, Management supervision and adequate control of the company, with the ultimate goal of increasing the long term value of the Bank. Bank Audi Group's Governance framework and that of its major banking subsidiaries, such as Bank Audi sae, encompass a number of policies, charters, and terms of reference that shape the Group and Bank's Governance framework over a wide range of issues including risk supervision, compliance, audit, remuneration, evaluation, succession planning, ethics and conduct, budgeting, and capital management. Clear lines of responsibility and accountability are in place throughout the organization. Strategic objectives setting corporate values and promoting high standards of conduct have been established and widely communicated throughout the Bank, providing appropriate incentives to ensure professional behavior. The Bank's Corporate Governance Guidelines are accessible on the Bank's website at www.bankaudi.com.eg The Board is supported in carrying out its duties by the Board Audit Committee, the Board Risk Committee, the Board Corporate Governance, Nominations and Remuneration Committee, and the Executive Committee.

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

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

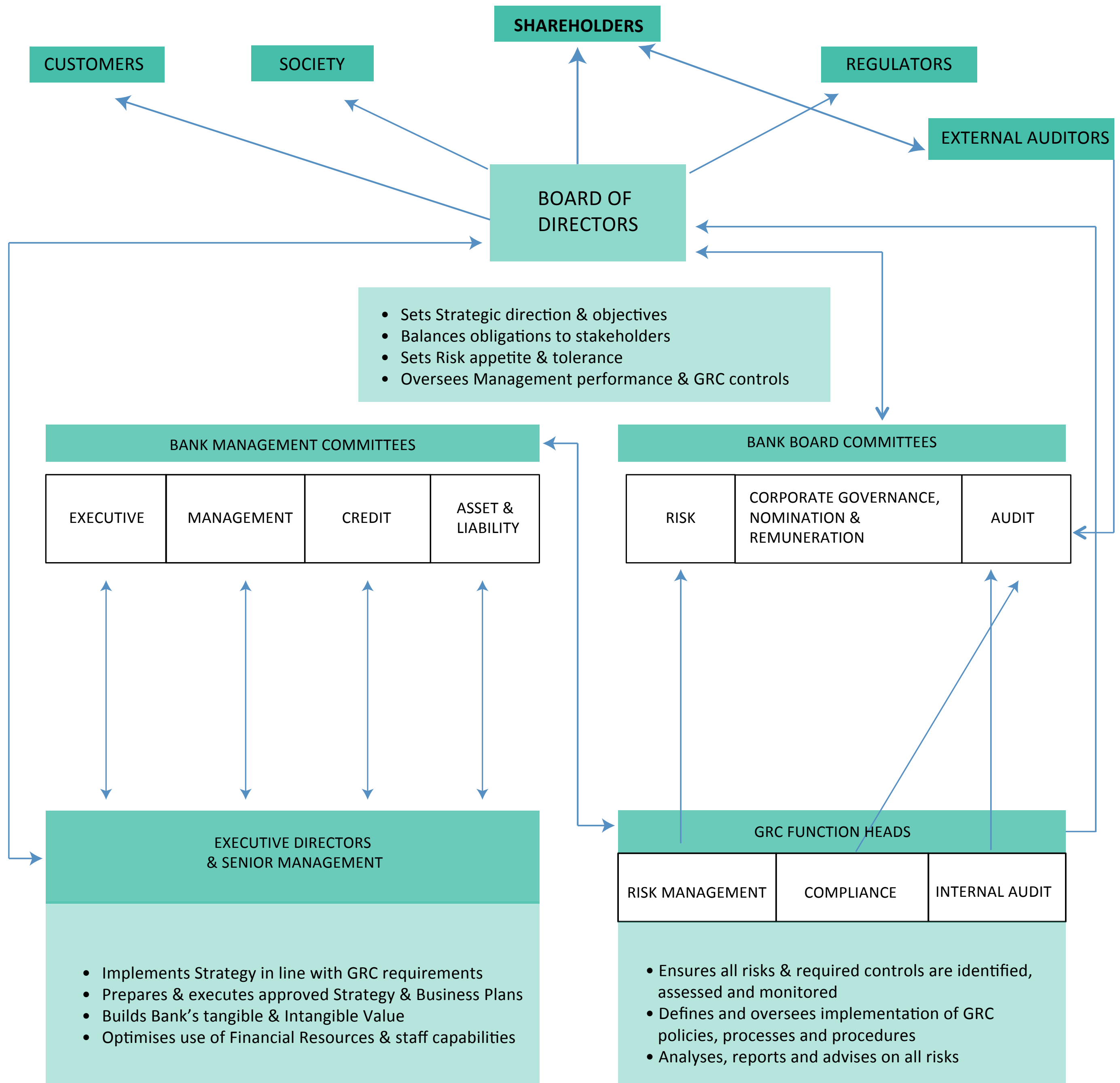
• The mission of the Corporate Governance, Nomination and Remuneration Committee is to assist the Board in maintaining a set of values and incentives for the executives and employees that are focused on performance and promote integrity, fairness, loyalty and meritocracy and maintaining an effective institutional and Corporate Governance framework for the Bank, an optimal Board composition, and effective Board processes and structure.

• The mission of the Executive Committee is to develop and implement business policies for the Bank and to issue guidance for the Bank within the strategy approved by the Board.

Shareholding Structure

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

Corporate Governance Framework



03 ELEMENTS

OUR ELEMENTS OF SUCCESS
ARE OUR JOURNEY

3.Business, Risk, Support & Control Performance

A.Business Performance

• Corporate Banking:

During the past 10 years, Corporate Banking succeeded to build a healthy and well diversified corporate credit portfolio that reached EGP 25.6 bln as of end of 2016 – up from EGP 1 bln at end of 2006. Such 10 year strong progress took place through our significant participation in funding strategic projects in various industries including Power, Oil and Gas, Petrochemicals, Transportation, Pharmaceuticals and Healthcare, Food industries, Contracting and Real-estate projects. In 2016, our Corporate Banking deposits also grew by a further 45%.

Corporate Banking established a corporate banking organization consisting of four main areas, to ensure rendering excellent and appropriate service to our customers: 1) Large Corporate Banking which also covers syndicated facilities and structured finance, 2) Commercial Banking, 3) SME's, and 4) Business Development. We capitalized on well-experienced, qualified and highly selected staff, which enriched our performance with the main aim of gaining customer satisfaction.

For the Syndication department, Bank Audi Egypt, in cooperation with a number of banks, arranged and participated in several transactions in the Egyptian market throughout the past 10 years, taking the syndication portfolio to EGP 8 bln as of end of 2016 compared to EGP 0.4 bln in 2006.

In order for the Bank's Corporate Banking to stand out in the market, a Structured Finance team was established 5 years ago with the aim of advising on and financing relatively complex transactions offered to private equity firms, investment banks and large financial institutions. The Structured Finance team have proven their capabilities since establishing this function while being the partner of choice of top Private Equity firms and investment firms based on the sophisticated financing structures that Bank Audi had tailored.

Going forward, Corporate Banking will continue focusing on different corporate business areas, with special focus in 2017 on SMEs as we strongly believe in their powerful role to develop the economy.

• Commercial Banking:

Since the establishment of a separate Commercial Banking function within Corporate Banking in 2014, we have been aiming to achieve our role in driving the Bank to be one of the leading players in the Egyptian commercial business market through providing quality service that shall exceed customer and business partners' expectation and to maximize shareholder value through profit growth and customer commitment. During the past 3 years, Commercial Banking function was able to achieve and exceed the Bank's targets through a strong commitment to support its customers. Looking back, Commercial Banking function was able to achieve admirable growth in its credit portfolio from EGP 193MM in 2014 to EGP 677MM in 2015, and EGP 1,667MM in 2016 through targeting various sectors such as pharmaceuticals, manufacturers, healthcare, traders, contractors and many others which expanded its client base from 15 clients in 2014 to around 60 in 2016. However, our greatest progress was achieved in 2016 where we were able to increase our Function's profitability more than fourfold and provide a sound and growing platform of net interest income in the upcoming years.

Looking ahead, we are optimistic about the future and our ability to continuously achieve the Bank's objectives for Commercial Banking, particularly based on a deepening understanding and relationship with our customers, including but not limited to:

- Tailoring to the specific credit needs of the various sectors in the commercial business parts of the Egyptian economy.
- Extending the loans on sound and collectible basis.
- Defining targeted ORR for new commercial (prime) customers that fall within BAEGY's strategy to enhance the quality and sustainability of the portfolio.
- Handling a larger portion of our clients' cash management transaction and trade business through quality of service and advice so as to enhance our non-interest income revenues through commissions, fees and FX.
- Expanding our deposits and range of services used by our clients, including capitalizing on the existing commercial client base for more organic growth.

• Retail Banking

In a challenging economic environment in 2016, Bank Audi delivered another year of considerable results for its shareholders, and continued to closely support its customers. We expect economic conditions to improve in 2017, helped by the implementation of the Government's infrastructure program.

As a key strategic objective, Bank Audi is committed to meaningful customer relationships, leading to the development of innovative products, which directly reflect the Mission and Values at the core of our work.

Regardless of the economic challenges, devaluation and tightening in retail banking regulations, Bank Audi's Retail Banking did not lose focus on its customer lifecycle segmentation aiming to satisfy each age group's financial and lifestyle needs through dedicated products and services. Evidently, Bank Audi is the young affluent Bank of choice, with most of its acquired clients aged 30 to 45, seeking convenience and service excellence. Furthermore, Bank Audi holds a solid position in the feminine sector – a reflection of the trust and convenience offered.

Our focus has been the pursuit of excellence for our customers. Accordingly, keeping customer convenience at the forefront, the Bank provides a wide array of alternative delivery channels that include 43 branches, 130 ATMs, 24/7 Call Center, and the launch of the new user-friendly internet banking service "Audi Online " alongside more innovative delivery channels such as the award-winning "NOVO" - winner of "Most Innovative Retail Bank Product in 2016" by Internal Finance Magazine.

As for customer retail deposits, which grew 37% in 2016, Bank Audi maintained its ranking as a key retail player (7th position in terms of customer retail deposits portfolio size) while continuing to hold a distinguished position and reputation in retail assets among the leading banks.

In terms of liabilities, Bank Audi launched new flexible and exciting products such as the "Diamond Saver account" as well new Certificate of Deposits to cater to a wide array of customers' needs.

In Credit Card products, Bank Audi's retail customers were the main focus, through continuing client engagement from card delivery to activation to utilization. Moreover, the Bank launched new exciting features on cards such as Easy Payment plans "EPP" & Loan on Phone "LOP " which allow the client to make a purchase or obtain cash from his/her issued credit card limit to be settled through easy installments.

Furthermore, Bank Audi launched a new retention unit for cards and loans in order to monitor our service levels and maintain our valued customers.

In our ongoing efforts to offer our clients the latest innovation ,security & convenience, Bank Audi launched New Chip Debit cards -with the latest technology of dual interface contactless- which allows clients to easily tap their cards using NFC technology, in addition to choosing their pin numbers with maximum convenience through our various ATMs.

The new cards match the Bank's customer lifecycle segmentation, offering the right features and upmarket designs for the right age group.

In terms of lending and in a challenging environment, Bank Audi succeeded to sustain the loyalty of its clients and increase the retail lending portfolio by almost EGP 650MM with a further EGP 71MM in Premiere Loans. This represented a 20% growth rate to reach EGP 3.8 Bn in Retail Loans and 29% growth to reach EGP 318 MM in Premiere Loans as of December 2016.

Simultaneously, Bank Audi ranked third in terms of growth among our peer bank groups till September 2016, as per Peer groups financial statements.

In terms of Mortgage lending, Bank Audi sustained a healthy growth rate of 165% in 2016, in parallel to continuing to elevate our franchise and cater to various customer needs. Furthermore, following our launch of bancassurance in 2014, we have witnessed a constant boost in the number of clients and collected APIs to reach approximately EGP 7.5 MM.

In line with Bank Audi's Strategic direction to divert the transactional intensity from branches to digital channels to enhance customer convenience and improving our branches to be more focused and have time to be advisory centers, Bank Audi has launched its new Audi Online platform in January 2016 and started migrating customers to the new platform and educating them with its new exciting features.

Throughout 2016, more than 38,000 Retail users and 3500 Corporate users have performed over 100,000 transactions via the new Audi Online platform. The new platform has been well perceived by our clients for enquiries and non-transactional services with over 600,000 successful log-ins.

2017 will be yet another step in Bank Audi's successful journey to be positioned as the young affluent Hi-tech bank of choice, with a range of new exciting channels targeting customers' convenience and enabling Bank Audi to be at the fingertips of its clients.

Bank Audi's success story has been achieved by strong operational leadership. Our Retail excellence was cascaded to Retail supporting functions including Retail Credit and Booking Unit, focusing on turnaround time, which has been the lowest in loans compared to the market, as evidenced through independent market research studies (e.g. 3 days in loans processing versus an average of 11 days in the market). Our excellence does not only come in the form of time management and turnaround times, but also in service excellence and accuracy achieved in our Call Center (Normal & Première) and Card Center including constantly aiming at excellence in cards printing and delivery service.

In terms of ensuring the distribution leadership, our new branches operational model has been implemented across all branches in 2016, ensuring that each client has his/her own Relationship Manager responsible for handling the relationship and offering Audi clients their aspired service level.

Finally, Bank Audi's Retail strategy will continue to be customer-centric, with emphasis on operational leadership, distribution of leadership while focusing on human capital, stemming from our belief that banking will remain a people business.

In early 2017 and in line with our role in citizenship and the matching of our own strategy with CBE directives in terms of supporting SME development in the economy, Bank Audi's Retail team launched Very Small Business Loan. This will focus on companies with annual sales turnover ranging between EGP 1 – EGP 10 MM, including Industrial, non-industrial & professional business segments. The product aims to provide very small companies with a simple and fast financing program designed to cater to this segment's needs and aspirations, while avoiding the pain of applying for corporate financing. The Very Small Business Loan process has been designed to provide fast turnaround time and easily comprehended documentation. In addition,

a fully-fledged value proposition for SMEs including business cards and insurance packages will be our Retail Department's next exciting step in the pipeline, demonstrating not only the collaborative approach between our Corporate and Retail Banking arms but also the combining of client and product knowledge to optimize financial service offerings.
Furthermore, Bank Audi plans to launch its new Affluent client segment proposition to complement the successful launch of Audi Premiere Proposition in 2015 and to cater for their specific needs.

Building on Bank Audi's lead in the market for new card types, Bank Audi will launch a one-of-a-kind commercial card. Further cultivating on customers' engagement and loyalty in cards, the Bank will launch a balance transfer feature in 2017, where customers can consolidate all their dues on a single card while enjoying extended grace periods.

To further enhance our presence in the feminine community, Bank Audi will launch a new revamped Shine Card for Women with new alliances that offer huge benefits to Bank Audi's female clientele.

• Treasury & Capital Markets

During 2006, Audi Saradar Group took a step forward and entered the challenging yet lucrative Egyptian market through acquiring the Cairo Far-East Bank, a small bank operating in Cairo and Alexandria with only 3 branches and a limited number of clients. From day one, Bank Audi's management, realizing the importance of the Treasury function and its role in the ambitious growth of the institution, started recruiting some of the best talents in the market and provided them with necessary resources to inaugurate a young, strong Dealing Room capable of achieving the optimal investments while maintaining the risk awareness culture of the Group. The blend of fresh well-educated traders and more experienced treasury professionals contributed significantly in an almost unprecedented success story in the Egyptian banking sector.

Bank Audi's Capital Markets division is considered a top categorized profit line of business that offers a broad suite of capital market, 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 and government.

During 2016, the Treasury & Capital Markets in Bank Audi successfully completed the implementation of one of the most reputable front office treasury systems in the field "Murex System". The implementation consisted of several phases and required hard work, dedication, commitment and deep knowledge of the business.

Despite the turbulences affecting the Egyptian economy, the Treasury division was capable of providing the needed liquidity in both local currency and foreign currency, at competitive pricing to secure a robust growth for the institution. The division was also able to protect the Bank's margins, contributing positively in the notably increasing financial results. Treasury & CM actions were solely driven by the Bank & its clients' best interest, in full respect of the Group's risk ideology/regulatory directives and maintaining the market best practice. The aforementioned achievements were made in collaboration with different lines of business & support functions in a team spirit commended by our peers.

Bank Audi started the financial year 2017 with full throttle, high visions and armed with the proper knowledge, tools and -above all- relying on the most valuable asset- our ambitious but well-grounded traders. The Treasury & CM division expansion plan for 2017 includes the inauguration of the "Corporate Sales Desk" with the intention of better serving Bank Audi's client base, introducing smart, practical and efficient hedging solutions, increasing the Bank's market share and positively contributing to its profitability.

Bank Audi's Treasury also has a staff training plan consisting of domestic and off-shore academic and practical exposure that furnishes traders with the most up-to-date market tools and products.

• Financial Institutions:

Correspondent Banking:

Despite the challenging economic conditions throughout 2016, the Correspondent Banking Department managed to sustain the volume of business and consistently achieve the best level of service to meet expectations and requirements of Bank Audi's top tier correspondent customers covering more than 150 countries. Moreover, we were able to increase bank counterparty Money Market limits to sustain any excess liquidity. In addition, in 2016 we succeeded to open four new Nostro Accounts with major American and European correspondents.

The Correspondent Banking strategy is mainly to expand its Trade Finance network through establishing new correspondent relationships worldwide.

The Department manages its correspondent relationships through experienced candidates who have several years of experience in the Correspondent Banking field.

Non-Bank Financial Institutions:

The department's strategy is to be one of the most professionally specialized Non-Bank FI Departments in the Egyptian Market. During 2016, NBFI managed to increase the department's deposit portfolio by 20% to reach EGP 1 Billion by 31/12/2016. Additionally, we decreased the concentration ratio to be capped at a maximum of 20% per client through enhancing the client base and doubling the clients from 13 to 27 and increasing the penetration to other NBFI sectors.

NBFI clients are mainly Holding Companies, Insurance Companies and Funds. The department is currently working to increase the targeted segments to include Syndicates, Brokerage Companies, Embassies, Aviation Companies, Accounting & Law Offices and other Service Companies.

On the other hand, NBFI have built a long-term relationship with our clients offering different product mix to each client to ensure loyalty. Moreover, the department worked closely with other departments to maximize value chains and cross referral to Branches, Affluent and Retail Departments.

Programs & Multilaterals:

In 2016, Bank Audi successfully renewed its loan agreement with the European Bank for Reconstruction and Development (EBRD) amounting to USD 30MM, with a tenor of 5 years. This was to secure additional sources of foreign currency mainly to satisfy the needs of Small and Medium Enterprises. Further to the loan agreement, Bank Audi moved forward in widening its substantial relation with EBRD and successfully finalized negotiating the Trade Finance Program to expand mutual business cooperation.

Capital Markets & Investment Department

This Department focuses on providing Securities Services to Investors who deal with the Egypt Stock Exchange, primarily consisting of:

Capital Markets & Investment Products:

Custody:

Bank Audi acts as a custodian in the Cairo Stock Exchange local market. It is a Bookkeeping system that organizes and controls the relation between Stock Buyers and Sellers. Through this system, Bank Audi organizes the trading cycle to guarantee the rights of all stakeholders.

Margin Trading:

Bank Audi is a pioneer in this activity and has excelled in financing the stocks purchasing orders for its esteemed clients.

DVP (Delivery Vs Payment):

The product of financing the trading operations in stock market of Broker institutions.

Money Market Fund

Bank Audi Money Market Fund is an open-ended, EGP denominated Mutual Fund with daily liquidity investing in short-term money market instruments such as treasury bills, bank deposits, and short-term fixed income instruments with no investments in equity for both Individual and Institutional customers. The Money Market Fund is exempted from taxes.

Izdehar Fund:

This is an open-ended Shariaa compliant balanced Fund. The Izdehar Shariaa Board is one of the most reputable names in the region in the Islamic finance field.

Izdehar Fund has been awarded by Investor Review Magazine in the United Kingdom as Egypt›s Best Islamic Balanced Fund for the year 2016.
Izdehar Fund ranked first among all Islamic Funds in terms of return for the year 2015.

• Small & Medium Enterprises (SMEs):

Year 2016 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 Branch 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 enquiries/complaints and Service Requests (BEST team).
6. Streamlining transactions workflow.

Over and above the Model's impact on clients' satisfaction, its implementation led to achieving substantial growth on the 3 financial portfolio performance indicators. In fact, lending volume grew by 285%, while liabilities balance grew 100% 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 ensure that we build a state-of-the-art lending model that will enable us to reach ambitious year 2018 financial and non-financial objectives.

It is worthy of mention that Bank Audi's SME Department was officially launched in February 2011 and by the end of 2015 lending volume was EGP 212 million. In year 2016 we witnessed a massive improvement in terms of lending volumes which increased by almost EGP 400 MM million to reach EGP 605 million.

Reshaping our SME lending policies, processes and services is necessary to enable us to meet the Bank's lending objectives and align with regulator recommendations.

Accordingly, the Bank signed an" SME Banking Advisory mission" with IFC, allowing us to sharpen our approach to market and increase our efficiency and participation in the economic growth through launching several lending tools and by offering three new lending products covering a wide-range of business sectors using a scorecard system and trying to minimize turnaround time.

• Islamic Banking:

Bank Audi's Islamic Banking has pulled off some landmarks thus far, as the team in collaboration with other respective departments, have introduced 14 different products, along with the necessary approvals, policies and procedures, system implementation and staff awareness.

During 2016, the Islamic Banking retail products spectrum was consolidated via incorporation of a new Murabha Credit Card. Furthermore, 2017 is planned to witness the launch of Islamic Mortgage Finance representing a substantial addition to the Islamic Retail products bouquet.

Bank Audi's Islamic Banking still foresees ample growth opportunity in the Egyptian Islamic Banking market bolstered by the low penetration rate as the number of Islamic retail accounts percentage currently stands as low as 5% of total accounts held in Banks. Furthermore, the Islamic Banking horizon in Egypt is very open for further innovation and services enhancement that promopte acceptable types of customer prosperity.

Having said that, Bank Audi's Islamic Banking team intend to unremittingly engrave their footprints in the Egyptian Islamic Banking industry by deploying a blend of various tools to warrant customer satisfaction and value creation through service excellence, product diversity, and the continuous investment in human capital. Thus, Bank Audi Islamic Banking performance is awaiting a turnaround year during 2017 as efforts invested since inauguration hopefully will provide the platform from which exponential growth opportunities can be garnered given the promising outlook.

• Global Transactions Services (GTS):

"Technical Innovative Solutions" and "Service Excellence" are the main drivers for our GTS department, which in year 2016 entered into the final phase of the GTS Business Model implementation. GTS aims to be a top-notch service provider to selective Business Banking clients as well as act as the Bank's arm for corporate technology product innovation.

As part of GTS's aforementioned role, 2015 saw the launch of Bank Audi's new internet banking platform for Business banking, offering an easy, free, fast and highly secured transactional facility based on Business Banking e-service aspirations that we have derived from Market research. Accordingly 2016 witnessed extending the GTS service model to cover selective corporate clients under BESTSERVICE (Business Easy Services & Transactions).

This is essentially a contact center for Business Banking selective clients, providing them with transaction facilitation and execution as well as handling their service requests and enquiry/complaints in a timely and professional advisory manner.

In 2016, GTS provided these selected affinity Bank Trade Finance clients with continuous consulting support, helping them to face the prevailing Egyptian and International trade situation as well as assisting with developing solutions for their export based trade and project requirements. GTS launched new processes to ensure our Prime and Key SME clients as well as selective corporate clients, received these trade advisory support and services via a smoother and more personalized experience with the Bank, whilst providing them with product management via E-Channels, Cash Management services and appropriate deposit offerings.

Transformation Projects:

GTS department has been an active member and participator internally in Bank Audi's Technology Transformation Projects, leading the implementation of a new range of future, revolutionary internet banking involving high security parameters such as the use of soft and hard tokens as well implementing more technology based functionality supporting the daily transactions processing requirements of our corporate banking customers. GTS has also participated in the new Core Banking System Transformation Project and New Loan Origination System for SMEs as well as new archiving systems.

Furthermore, the GTS team contributed by providing customer specific inputs into the IFC consultancy project for SMEs which included SMEs Credit processes streamlining and identifying bottle necks in turnaround times.

GTS Strategic Milestones:

Cultivating its 2016 achievements, GTS will continue over the coming years in its role to introduce technology driven initiatives to provide top level services for our selective Business Banking customers by improving their daily transactions experience. GTS plans on focusing on accompanying the Bank's SME Department in its journey for growth through utilizing new technology driven solutions such as SME cards / payments through Mobile Wallet and deposit cards for E-channels usage in addition to working with the Bank Audi Group on SME digital banking as well as enhancing the service experience of the Bank's large corporate and commercial clients.

• Branch Network

In comparison to the initial Branch Network and its contribution in 2006, Bank Audi has achieved a remarkable boom over the last decade, embodied in the below figures that demonstrate amongst other financial growth statistics, the customer and deposit base and franchise of Bank Audi Egypt.

Current Accounts, Savings Accounts, Certificates of Deposit and Time Deposits both separately and combined have all hit outstanding upward growth across all aforementioned aspects. Total deposits have reached EGP 30,126 million compared to EGP 1,163 million in 2006, which indicates that Bank Audi achieved almost EGP 29 billion volume growth throughout the mentioned period.

This reflects 10 years of hard work and dedication to acquire client satisfaction and maintain the highest level of excellence in services and financial consultancy. Bank Audi has been able to achieve an overwhelmingly and noticeably solid increase in the number of accounts opened which reached 274,000 accounts by 2016 compared to the very early beginning with only 24,000 accounts (and active accounts have reached over 137,000).
To solidify Bank Audi's market presence, we targeted a wide range of economic sectors, generating business opportunities in almost all fields in the market. In addition we have carried out an intricate customer segmentation process that has enabled Bank Audi's branches to segregate and appropriately service the differing needs of its different types of individual and business customers.

Bank Audi currently adopts an aspiring vision for the coming year whereby we are planning to increase our customer and product/service footprint by an average of 20% annual growth to optimize our portfolio size and reach a peak in facility and services utilization.

B. Risk Performance

• Credit Risk

Bank Audi's Credit Risk function encompasses several departments, namely Credit Risk Assessment, Credit Administration, Credit Investigation and the Loan Remedial department, all of which are geared towards safe and diligent granting of corporate credit facilities for proper utilization and monitoring.

The ultimate target of our credit risk management operations is to minimize risk to acceptable levels and reach optimal capital allocation by achieving a balanced between the risk vs return profile of our portfolio, guided in our endeavor by international standards and best practices.

During the past 10 years, Bank Audi's Credit Risk function has represented the main security valve in the Bank's placements of funds with corporate clients; it has participated in the banks rapid yet safe asset growth and build-up of the healthy portfolio that is evidenced today by a safe risk profile.

On the technical side, the Bank has evolved during the years to move towards automation systems to achieve a more accurate and consistent credit granting process backed by globally renowned systems and institutions.
During the years of turbulence that the market has endured, Bank Audi Credit Risk has remained vigilant to the factors at play, yet was able to maintain enough vision and flexibility to aid the Bank's business developers to assist their clients in these stressed times.

The results of the past efforts are evident today in a corporate credit portfolio that shows an average obligor risk rating that is on the desirable side of the acceptable levels with an NPL ratio lower than 1.5%.

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

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

• Operational Risk

Bank Audi's Operational Risk department is one of the main and vital Risk management arms of the Bank. Operational Risk is already embedded in the Bank's Management decision making processes through its involvement in all 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.

Thus, Operational Risk is embedded in all decision-making processes on each of the Strategic, Management and Operational levels through the following:

- Involvement of the Risk function as a key partner in all the new projects, products and services
- Effective participation in all the Bank's internal management committees

Bank Audi is managed by a set of well-established and tested policies and procedures that consider the needed controls to mitigate the risks to tolerable levels. The Bank provides risk balanced tailored products and services that consider the fulfillment of the customers' needs, in addition to setting the suitable controls to protect our customers as its first priority. Bank Audi has a strong risk awareness culture through the intensive awareness sessions conducted to all the Bank's staff, which is tailored to their experiences and areas of responsibilities. We have a solid internal loss database of 10 years that enables the Bank to manage its risks efficiently and give a clear picture of the Bank's risk profile putting it in an informed position to assess and determine the most preferable risk management options.

Bank Audi is committed to ensure its employees have a better understanding of the inherent risks within their daily work and the required practices for effective control. To achieve this, good communication exists between all stakeholders to provide rapid and appropriate mitigation within the guidelines provided as well as, the best service provided to our customers. In conjunction, an automated solution is used to help the Bank obtain a better analysis of its solid loss database, leading to more proficient display of its overall operational risk picture.

Operational Risk is also involved with all the new Technology Transformation Programs through its dedicated staff. The implementation of the new Core Banking System with the involvement of the Operational Risk team will ensure that all the Banks' procedures are updated including all the adequate levels of controls, which will be enhanced or maintained.

• Market Risk

Bank Audi's Market Risk function started in 2007 by establishing and applying a Market Risk Management framework by which the Risk Department currently identifies, analyses and monitors all market risk factors within the Bank. The function also conducts different scenarios, stress testing and correlates its findings to capital adequacy, liquidity and profitability to provide advice

to senior management and the Board.

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

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

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

• Retail Credit Risk

Bank Audi's Retail Credit Risk function continues the journey it has embarked on 10 years ago of developing state-of-the-art platforms and management practices. The strategy followed over the past decade has proven effective in developing robust and consistent credit risk management processes as validated by numerous internal, external, and regulatory audits.

2016 was a milestone year in delivering on the objectives of the function. After diligent development and testing, application scorecards were implemented in Q1 2016. Furthermore, revamped reporting tools have been procured and tested for implementation in Q1 2017 which transform the dissemination of analytics and thereby the speed and soundness of decision making.

The function has again shown its strength in managing change in the macroeconomic environment. After safely sailing through the turbulent times following the January 2011 events, the portfolio and the associated controls have again demonstrated strong resilience in the face of the regulatory and economic changes and challenges of 2016. Credit health of the portfolio held up well throughout the year as the necessary changes in policies and processes were quickly implemented. Outlook on growth and credit risk is positive as the newly introduced policies and processes reap their fruits.

With the learning of 10 years and an experienced and highly competent team onboard, Bank Audi is able to confidently venture into the future with impressive growth objectives for its retail portfolio. The journey will continue at a faster pace in 2017 as more solutions are deployed enhancing the retail risk, control and governance environment to promote sustainable growth.

C. Control & Support Performance

1. Support Functions

• Operations

All Operations Departments were involved in the different phases of the New Core Banking System that took place during the year 2015 and 2016 (Migration Strategy, Detailed Mapping, Functional and Technical hands on Training, Testing Strategy, Parameterization, etc...).

Capital Market Operations implemented a new control function to monitor any financing of Margin Trading transactions for all customers and to ensure these are within the market prices so as to facilitate using the Margin Trading products and meet Bank customers' needs. Furthermore, automated reconciliation of all Margin Trading collateral with available balances for all customers' portfolios will avoid any breaching of Margin Trading ratios and conditions to minimize the risks of all the Bank's customers due to daily execution.

Back Office Treasury has succeeded to go live with Phase 2 of the Treasury system «Murex», This provides a speedy, high quality service and enhances the overall handling of different Treasury products. Consequently, Treasury product related risks have been reduced.

Trade Finance is in the process of implementing new products on Trade Finance modules to cover Islamic products and various types of letter of guarantees for full automation to ensure high quality of service and full control.

Payment Services have been able to maximize control and enhance turnaround time of several functions, either through centralization or automation of processes. Centralization covered the Discounted Checks processing and CDs, while automation & enhancement covered the following transactions; ACH Direct Credit and Direct Debit, Discounted Checks, Collection of the FCY Outgoing Clearing session and ERP system concerning the Finance Outgoing Transfers.

Centralized Account opening started creating a Footprint system in coordination with the Service Excellence team whom will work with the Bank's branches. This system will ensure high service level using new communication channels and maintain a high level of accuracy and control.

• Engineering:

The main role of Bank Audi's Engineering Department is to ensure the acquisition, design and furnishing of prime locations recently acquired of the following Branches: Madinaty, Down Town Alex, Zaqaziq, Sheikh Zayed and Port Said.

In May 2016, Bank Audi acquired the New Headquarters premises located in New Cairo on a Core and Shell delivery basis. The building was a concrete skeleton having a total built up area of 33,000 square meters distributed among 11 Levels (2 Basement levels, Lower Ground, Ground plus Six typical floors in addition to a Roof). The building was constructed on a 7,123 square meter plot of land leaving approximately 5,000 meters of landscape.

The achieved Design is to accommodate the Bank's head office based staff along with the projected headcount till 2025 which is estimated to be approximately 1,470 in addition to global branch and Cash Center. The New Head Office is expected to be furnished by Q3 2018.

• Administration

Administration was able to maintain the cost of most purchases, compared to 2015 prices. Tough negotiations were carried out although inflation and foreign currency fluctuations had a negative impact on the market prices.

• Al Fanar Transformation Program (2015 – 2017)

Bank Audi Egypt, in alignment with Bank Audi Group's strategy, has launched its Al Fanar Transformation Program with approximate investment of US$ 25 Million. The program 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.

The program is being executed in cooperation with Bank Audi Group. We have partnered with Oracle to provide and assist in implementing leading banking software solutions. Furthermore, Deloittes 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.

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

1) Core Banking System (Oracle FlexCube Universal Banking System - FCUB)

In-progress This project will empower the Bank to provide new Retail and Corporate Banking products and services. It will allow for an increase in market share, improve operational efficiency, manage risk and improve control over all banking processes.

2) Online Banking Solution, Internet & Mobile Banking (Oracle FlexCube Direct Banking System - FCDB)

Launched on November 24, 2015
This system has introduced Mobile Banking to our customers with a significantly improved Internet Channel. The adopted solution shall increase availability and reliability of the services provided over the multiple channels.

3) Document Management System (IBM DMS)

Launched on May 13, 2015
This system provides electronic archiving of all documents in branches and departments. It fulfills regulatory requirements, decreases turn-around time for document retrieving and improves overall process efficiency.

4) Integrated Finance and Risk Management System (Oracle IFRMS) Phase I

Launched on September 29, 2016 This system increases the Bank's ability to produce and manage financial information, aiming at fulfilling multi-GAAP requirements for Egypt and IFRS reporting standards.

It includes "Enterprise Resource Planning" (ERP) which provides a coherent platform for expenses management. Furthermore, the system shall prepare the foundation for implementing further analytical applications.

5) Treasury Module (MUREX)

Launched over 2 phases:
November 6, 2015 - Money Markets & Foreign Exchange
September 4, 2016 - Capital Markets This system addresses the requirements of the modern treasury function. It provides an integrated platform to optimize liquidity management, with advanced risk monitoring and risk measurement, as well as control of operational risk and cost.

• Finance:

Bank Audi's Finance Department started with a limited number of high caliber staff who had the responsibility to build the different units and perform the different functions of finance within the Bank.

The first milestone was to migrate the financial data from a core system used by the acquired bank (CFEB) to a new system applied by Bank Audi Group.

The structure of the division consists of Budgeting and Planning, Financial Reporting, Accounts Payables and Fixed Assets, Financial Control, and Reconciliations departments.

Budgeting and Planning department prepares budgets and provides senior management with managerial reports for performance evaluation and profitability of every line of business, as well as branches to make sure that the Bank is achieving both short term and long-term plans as well as strategic objectives.

Financial Reporting is responsible for building accounting cycles, registers and reviews all procedures and product designs to ensure full compliance to different accounting and reporting standards. The department also provides financial data to all stakeholders in various presentations and according to different accounting and reporting standards and also ensures that best practices are applied.

Accounts Payables and Fixed Assets is responsible for making all payments to suppliers and other parties according to internal procedures after applying all control measures.

It is also responsible for doing all accounting treatments to record expenses and fixed assets, while keeping all registers and tracking records as well as allocations to different lines of business and branches to allow for accurate profitability calculations.

Financial Control is concerned with detecting and covering all financial risks that are inherent in Bank transactions through daily revisions of balances, movements, parameters, transactions, and other variables to make sure that the highest control measures are maintained and always reflected in financial figures with the highest accuracy.

Reconciliations department monitors the Bank's accounts held with other correspondent banks to ensure proper handling of such accounts and reflection of all transactions in our Bank's books.

A great role is being played by Finance in the application of new software systems as transactions have a financial impact that shall be translated as an accounting structure and reports shall also be designed to disclose all financial data in the most professional and transparent way possible.

In the coming period, Finance is focusing on its role as the Bank's Assets & Liability support manager and owner of funds transfer pricing applications. It acts as a guide for the whole Bank to achieve strategic goals in shorter periods by giving proper attention to the most important areas and designing and using flexible financial models that are dynamically reflecting prevailing situations.

• Information Technology:

Bank Audi's IT department took many giant leaps throughout 2016 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 3-2017.

Throughout the year, Bank Audi's IT Department managed to streamline and maintain smooth operations of existing legacy systems while continuously meeting target delivery dates of further phases of the Transformation Program Projects within the overall "Al-Fanar Transformation Program". This included delivering Phase II of the "Murex Treasury System " , IFRMS System Phase I (integrated with the existing system of BankMate).

In parallel to the above tremendous challenge, the IT Department 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. This was targetted at all Customer Channels, from Branches where 7 new branches were launched, to ATMs where 15 new ATMs were installed, and finally to a new Internet Banking Platform were multiple security infrastructure enhancements were introduced.

A key factor in the success story of the IT department throughout 2016, was the ability to deliver on time, conquering various 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.

Part of the Bank-wide strategic plan for 2015-2018, is for the IT department's planned short, medium and long term project plans to support Bank Audi's ambitious Business plan, by offering business technology-oriented solutions, aiming for enhanced customer footprint and improved customer experience against market benchmarks. This maintains Bank Audi's image as the Technology Innovative Bank in the Egyptian Market. Moreover, the IT department is technically leading the Bank-wide efforts for "Al-Fanar Transformation Program" bridging the gap between the application functionality, market demand and business requirements 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.

For IT infrastructure, in the upcoming two years, the IT department is building a new Data Center in the new Head Office to accommodate around 1,600 staff headcount and provide a top notch Tier 3 uptime certification in parallel with extending disaster recovery site capacity to act as a production site during movement to the new Head Office.

To conclude, below is a listing of all major milestones achieved during Al-Fanar Transformation Program to date:

Core Banking Project:

SIT1 & SIT2 closed successfully and first part of UAT1 (User Acceptance Testing - without migrated data) closed successfully and second part with migrated data expected to be closed as per revised plan.

8 trials of data migration performed with objective of achieving high level of confidence of data quality and load timing, Auto reconciliation scope identified for all modules including finance requirements, and in-house development already finalized and accepted by the business team for the CIF/KYC as well as finance requirements. At the same time, other alternative for outsourcing the mentioned sub-project task is underway with planned date to finalize all auto-reconciliation requirements between BankMate & FCUB by March 2017.

Current scope of 224 operational FCUBS reports (after rationalization); development and business validation has been completed and confirmed by business team.

NewGen Loan Origination:

IT is playing a significant role in this project to help absorb any delays and quality issues that may arise on the overall delivery for the standalone product as well as the integration with the CBS, and a great effort from the IT team has helped reaching the UAT first phase.

FCDB Internet Banking:

- FCDB Phase I full client migration completed in January 2016
- FCDB Phase II - QA performed by IT team and has been closed successfully with few issues, and UAT is underway by the business team with full support of the IT team.

IFRMS Integration:

Data from FCUBS ongoing trials have been uploaded into IFRMS and the IFRMS team (Oracle) is now in the process of validation and reconfiguration of IFRMS. Changes and fixes are accordingly on-going by the IT team for the extracted data.

Murex Treasury System:

Launch of the second phase of Murex system (Capital Markets).

Other Program Related Activities & Achievements:

IT team managed to build many of the integration requirements in-house such as integration between HR systems (HITS and CBS), changes on files extracted to collection system (FinnOne) etc. and which have saved the Bank money as well as project time-lines.

The IT Department also renewed its commitment towards participating effectively with all Lines of business towards achieving Bank Audi's new phase of strategy 2015-2018.

• Human Resources:

Bank Audi's Human Resources department aims at providing equal opportunities, rewarding talent and building a teamwork culture, which is one of the Bank's values.
Moreover, HR Department has a major role as a communicator, facilitator and consultant as well as a change catalyst to achieve the Bank's strategy.

Since the employees are seen as the key asset and backbone of the Bank, the HR department concentrates its activities on increasing staff productivity, engagement and motivation through diverse initiatives and projects supported by a set of HR policies, procedures, manuals and systems that have underpinned and participated in our Bank's growth during the last 10 years from 2006 - 2016. During this period, the total number of employees has risen to 1466.

The HR Team has provided efficient and comprehensive support services to all stakeholders, by identifying, attracting, hiring and maintaining the best calibers from the market, which helps in injecting fresh and new ideas and methodologies into the Bank.

HR emphasizes on delivering a high level of knowledge and skills to the Bank's staff through appropriate educational academies, training programs, OJT, and International exposure, Accredited Certificates, Leadership and development projects, to fulfil the identified needs.

Internal customer communication was enhanced through organizing several social activities and family gathering days that successfully developed our employees' engagement, in addition to branches and head office department visits, and a satisfaction survey to increase employee interaction and ensure that their voice is heard.

In addition to a balanced scorecard based Performance Management System for staff and managers at all levels, comprehensive Performance Development Forms are completed twice a year to enhance the two way communication between staff and managers and align individual goals with the Bank strategy through continuous development and regular follow up plans.

A balanced meritocracy and reward systems has been devised 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, and new incentive and Commission Schemes introduced 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.

Bank Audi's Human Resources started building up the Bank's succession planning project, where high potential employees "HIPOS" are being identified based on specific criteria that includes the results of our in-house Assessment Center as a major selection tool in order to build an effective second line to eliminate any future risk of any critical position vacancy.

• Strategic Support

During the past 10 years, the Strategic Support Unit has played an instrumental role in the formulation, implementation, and follow-up of the Bank's performance versus its strategic objectives and directions, which was divided into two evolutionary phases:

The first phase of Bank Audi's Strategic Business Plan (2010-2014) witnessed the birth of our strategic direction based on an extensive assessment of the current situation and challenges, and reviewing our strategy and banking models. This phase focused on creating strong brand recognition, building market penetration and growth, optimizing business synergy with related parties, and creation of a strong and well-balanced banking model structure to pave the way for future expansion.

The second phase of Bank Audi's Strategic Business Plan (2015-2018) built on the lessons learned from our first phase and embraced a more in-depth approach in strategy implementation, which focused on cascading our strategy and objectives into the core activities of all the bank's functions. This entailed an assessment of all

function-specific conceptualization, a revisit of the scope and features of each function model, hotspots, and a core value assessment. To complement this phase, the Strategic Support Unit played an active role in the Bank's adoption of a KPIs framework that sets clearly defined measurements and targets for each function's objectives and activities, based on the balance scorecard concept and tangible and intangible value creation.

Going forward, and to conclude our second phase of Bank Audi's Strategic Business Plan, an in-house automated model has been generated with the support of the Project Management Office (PMO) – currently under testing – to capture all functions KPIs and achievements in a precise manner, aiming to minimize reporting time and raise accuracy. Such a model will give a full picture of Bank's performance – whether financial or non-financial – to the Bank's Board of Directors and Executive Management, alongside continuous reporting and analysis on the external environment and peer group of banks.

• PMO - Project Management Office

Value Chain (Corporate & Individuals) Unified Database Bank Audi's Project Management Office designed and created a comprehensive model that helps in analyzing our clientele base and segments, through which the Bank can create value and a competitive advantage for Bank Audi with its diversified products.

The Project Management Office plays an important role in terms of having a ‹unified› & ‹solid database› and market information source that gives the Bank a mark-up over its competitors and thus increasing business opportunities.

Audi Cross-Functions Referrals Automated Mechanism

The Cross-Function Referrals Automated system created by the Project Management Office enables authorized users in the Lines of Business and Branches to log in their ‹referrals clients› and ‹products requests› to the benefit of any other Line of Business.

The target recipient receives these referrals 'On Spot' and handles them to maximize the Bank's portfolio growth and to achieve the most significant Key Performance Indicators. Timely and accurate performance reports can be generated from this innovative model.

• Marketing & Communications

Bank Audi's Marketing and Communications department caters to two types of customers. For the Internal Customers, the department worked on numerous projects in an effort to improve Internal Communication between colleagues, promote creativity, and highlight internal customers' concerns to reach full satisfaction. Among these projects were the Value Champion Focus Groups, Development of Bank Audi's Intranet, Think Tank, Internal Campaigns, First CSR project with the Blood Bank, unique gifts for colleagues and many others.

For the External Customers, the department worked on a variety of projects to improve the Bank's image and reach full satisfaction among our external customers. Among these projects the department in conjunction with Bank Audi Group worked on the development of a new Brand Identity for the Bank and new and existing branches. The department is also developing products/services campaigns and activations, developing our PR arm, which improved the Bank's presence in the market and many other activities.

• Market Research

The Market Research Function has played several important roles for the Bank in its development and again during 2016.

First, by being the Bank's independent eye and assessment link of the market by running frequent market understanding and segmentation studies, competitive market analysis studies and competition monitoring via mystery shopping and calling projects.

Second by promoting the Bank's brand in the market as a pioneer in the banking market research industry by undertaking and adapting scientific and other professional techniques of research to guide and support all Lines of Business in achieving their targets.

Third, by building a well-structured Market Research department that can cater for all business and non-business needs.

Fourth, by developing a unique "Mystery Shopping Program" to assess the Bank's branch performance as well as monitoring the competition branch performance.

Fifth, by developing a unique "Geo-marketing" technique to help the Bank in choosing the best locations for its future branches/ATMs expansion as well as assessing the current actual branches/ATMs locations.

Sixth, by developing a frequent pro-active Daily Country Intelligence report covering all economy, business and finance news/forecasts.

Seventh, by adding new research tools and techniques that provide the fastest and highest level of research and reduce both turn-around-time and budget cost of research.

Finally, by developing the research team to adapt to the new KPIs and achievements set by the department.

• Service Excellence

Bank Audi's Service Excellence department is a major driving force in the Bank's commitment to and achievement of overall quality in performance that maintains our customers' loyalty and attracts new clients to the Bank. Bank Audi has identified and recognized the significant advantage in becoming more of a center of service excellence and a customer centric leader in the financial services industry.

The Service Excellence department at Bank Audi was created to help the Bank go beyond simply delivering products, and develop strong bonds with its customers. The essence of the department is to provide an understanding and support the delivery of a full customer centric experience to the strategically targeted segments of customers covered by each of our lines of business, by proactively anticipating their customers' needs and expectations and the Bank consistently exceeding them.

In this very competitive financial market, it takes more than a streamlined Customer Service department or a slogan on the wall. Service Excellence should be a vital and consistent process, premium service at every pass set by a service-oriented tone that drives the Bank's strategy at every level. Bank Audi's Service Excellence is an attitude engraved in every department and it begins and ends with everyone. However, the Service Excellence department was formed to go even beyond that and provide an exceptional experience that would strengthen customer relationships and rise up to the level of each customer's unique expectation and more.

The department works with all functions in the Bank to help them win the hearts and minds of both their internal and external clients. In this regard, reliable and consistent service excellence information and trends analysis are key ingredients. This information gathering and new or unique measurement tools that reflect what our customers really value in terms of service, are extremely important in the current competitive environment. One of Bank Audi's core values is to embrace Service Excellence to ensure we remain on the successful track of achieving our goals.

The Service Excellence function identifies the Bank's Service Quality strengths and areas of improvement, and continually monitors changes in customer needs and expectations to make proposals and recommendations to enhance performance without conflicting with bank affordability. Service excellence is all about thinking from our customer's perspective and building customer affinity partnership.

It is Bank Audi's Service Excellence goal to deliver Audi's promise with exceptional customer centric service and 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 took upon ourselves to distinguish the department's role from the rest and to rise with our customers above the rest.

2. Control Functions

• Legal:

Bank Audi's Legal Department has been working during the past years on different levels to give all possible support to the Bank's business and towards boosting its growth plans.

Human Capital:

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

Litigation:

The professional management of the Legal Department of lawsuits resulted in the Bank being awarded favorable judgments in a number of major lawsuits, where the relevant court(s) issued their verdicts obliging the defendant(s) to settle unpaid debt(s) to the Bank plus accrued interest. More than 164 court verdicts were issued in favor of the Bank in civil and criminal cases.

The Legal team also participated in negotiation and preparation of rescheduling of debt and amicable settlement arrangements for more than 26 cases, with total rescheduling/settlement of debts amounting to approximately EGP 669,963,371 and USD 6,441,473.78.

Legislative:

The Bank's Senior General 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. This contribution was acknowledged by the Federation of Egyptian Banks in formal correspondence addressed to Bank Audi's Chairman.

Products & Services:

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

The department actively supports all business lines in Egypt to provide efficient legal advice and support striving to find legal solutions to cater for the Clients' needs and facilitate transactions while safeguarding the Bank›s best interests. They also provide support to Bank Audi Lebanon's Legal Department on matters related to Egyptian law issues.

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

• Audit:

Bank Audi's Internal Audit department is celebrating ten years of foundation in Bank Audi. Across this journey, the Audit team encountered many challenges starting from scratch to establish the Internal Audit department in line with professional standards, risk based methodologies and best practice. The audit team has succeeded to create an encouraging

environment that exploits the team's potential to participate in building a concrete structure for the department. In this regard, the audit team developed internal audit policies, audit procedures, audit charter, and several audit work programs across different types of business and banking operations for the sake of quality and consistency. However, the audit team will remain the cornerstone of development, which is able to create and add value.

The Internal Audit team believes that it has a crucial responsibility to reinforce the control environment within the Bank in order to create a solid culture whereby risk exposure would be mitigated within Bank's risk tolerance. Consequently, the team went the extra mile and reflected such orientation into the department KPIs that impose a positive participation of each auditor to add value toward the Bank. Such participation is translated through providing audit awareness sessions for Audi staff and communicating internal memos to the executive management surrounding areas of enhancement.

For the upcoming challenges, the department is working on initiating an internal quality assurance unit that targets the quality of audit processes, service delivery, and efficiency of communication.

In addition, Internal Audit department is not isolated from Bank strategy, regulatory requirements, and the economic orientation of the country. Therefore, the department is challenging such dynamic changes. Consequently, SMEs will become an emerging professional challenge for Internal Audit within the upcoming period working in collaboration with our enterprise Risk Management partners to optimize the Bank's values and minimize the risk exposure. On the other hand, Islamic Banking is another encounter that will be in our focus according to Bank's expansion strategy.

Both of these and other strategic changes will impose a continuous development in our, expertise, competences, updating audit tools and scope under the umbrella of risk based audit methodology.

• Compliance:

Bank Audi's Compliance department has adopted up-to-date industry standards and best practices through activating a full compliance monitoring program that has been initiated across the three main arms of the compliance function, namely AML, Regulatory Compliance and Corporate Governance.

The Compliance department also developed clear governance policies and framework by adopting the group requirements, international corporate governance standards and the local Corporate Governance regulations.

The department has managed to maintain key governance frameworks and policies including but not limited to; Corporate Governance guidelines, Code of Ethics, whistle blowing, Conflict of interest, Disclosure, and Corporate Social Responsibility Policies.

The Compliance team has also maintained effective AML monitoring tools and technological platforms through adapting AML specialized technology solutions; including automated AML risk scoring for the clients, monitoring of performed transactions, real time monitoring of swift payments and a periodic checking for the entire customers database against local and international warning and sanctions lists.

The department has a strong compliance culture through providing the training and awareness schemes and providing consultancy on an on-going basis. The regulatory Compliance unit effectively monitored the regulatory environment and identified all regulatory changes that affect the bank operations. The team played a vital role in understanding of the implications and requirements of the new regulations and oversaw appropriate processes, policies, and procedures in respect to new regulations, laws and directives.

The Compliance department ensures enterprise-wide regulatory compliance through:

- Maintaining an adequate database for all regulatory requirements, and ensuring on periodical bases it compliance position with other stakeholders.
- Reviewing Policies and procedures.
- Reviewing all advertisements materials.

As part of its continuous role to safeguard the bank wide operations and ensure consistency of the current operations, the Compliance department will continuously enhance and update the currently used risk based approaches to cope with the Bank's growth plans without hindering sound practices, business and products and maintaining up-to-date monitoring programs and tools.

• CISBC:

Bank Audi's Information Security and Business Continuity Department's goal is to establish and maintain an InfoSec governance framework and supporting processes to ensure that:

- InfoSec strategy is aligned with Bank Audi Strategy
- Information risk is managed appropriately
- Program resources are managed responsibly

The scope of Corporate Information Security and Business Continuity is to protect the Bank's information assets in terms of Confidentiality – Integrity – Availability. In this regard, CISBC focused in developing a security program to ensure setting up security measures, implementing best security practices and acquiring best solutions to protect clients' valuable information.

The achievements that were accomplished by CISBC were as follows:

- As a control function, CISBC is participating to assist the new core banking solutions (Transformation Program) by assessing required information security measures and controls in new solutions, ensuring a clear definition of access controls.
- Maintaining, reviewing, updating and testing the business continuity plan (BCP) to ensure the continuity of business operations during a crisis.
- Conducting frequent business impact analysis and risk assessments to provide recommendations that address possible risk areas.
- Assessing any business products to ensure the compliance with internal and external InfoSec and related auditing recommendations as well as regulatory requirements (New Internet Banking "FCDB" and Mobile Wallet Product)
- Reviewing all the bank procedures to ensure the Confidentiality, Integrity, and Availability are met.
- Developing Information Security Policies and Procedures.
- Developing a bank wide access control matrix over IT systems.
- Delivering many Information Security Awareness Sessions in coordination with HR department to raise the information security culture among staff.
- Sending many security topics through the Internal Communication to raise the information security awareness.
- Defining the root cause, the preventative and corrective actions of any InfoSec incident.
- Monitoring administrative tasks and end users activities on most of IT systems.
- Hunting and reporting any suspicious activities on Internet Banking "FCDB" and the Bank's IT systems to ensure protecting clients' information.

04 FINANCIALS

OUR FINANCIALS ARE AN INTEGRAL PART OF THE JOURNEY

BANK AUDI (S.A.E.)
Balance sheet
as at 31 December 2016

	Note	31 December 2016 EGP	31 December 2015 EGP
Assets:			
Cash and balances with Central Bank of Egypt	14	1,774,981,116	2,158,685,579
Due from banks	15	11,286,605,885	3,230,478,076
Treasury bills and other governmental notes	16	1,987,886,919	5,084,839,764
Loans and advances to banks	17	146,132,000	66,156,886
Loans and advances to customers	18	29,933,402,318	18,456,416,904
Financial derivatives	19	480,291	60,531
Available for sale financial investments	20	785,769,827	7,050,181,068
Held to maturity financial investments	20	7,039,421,228	10,000,000
Intangible assets	21	56,114,684	17,705,057
Other assets	22	1,502,653,115	684,422,392
Fixed assets	23	627,810,892	497,686,247
Total assets		55,141,258,275	37,256,632,504
Liabilities and owners' equity:			
Liabilities:			
Due to banks	24	8,009,902	7,227,198
Customers› deposits	25	45,538,211,765	32,051,777,986
Financial derivatives	19	2,805,353	684,810
Other loans	26	3,835,965,000	1,623,321,000
Other liabilities	27	549,071,091	380,892,172
Other provisions	28	99,892,475	73,557,461
Current income tax liabilities		84,313,326	113,648,701
Deferred tax liabilities	29	374,436,407	15,060,858
Total liabilities		**50,492,705,319**	**34,266,170,186**
Owners' equity:			
Issued and paid-up capital	30	2,152,447,065	1,843,243,065
Capital increase under registeration		-	309,204,000
Reserves	31	241,620,765	350,381,288
Retained earnings	31	2,254,485,126	487,633,965
Total equity		**4,648,552,956**	**2,990,462,318**
Total liabilities and equity		**55,141,258,275**	**37,256,632,504**

- The accompanying notes from page (8) to (78) are an integral part of these financial statements and are to be read therewith
- Auditor's report attached

BANK AUDI (S.A.E.)
Income statement
For the year ended 31 December 2016

	Note	Year ended 31 December 2016 EGP	Year ended 31 December 2015 EGP
Interest income on loans and similar income	6	4,318,612,432	3,382,038,501
Interest expense on deposits and expense and similar expenses	6	(2,827,389,987)	(2,287,851,915)
Net interest income		**1,491,222,445**	**1,094,186,586**
Fees and commission income	7	457,564,022	321,937,904
Fees and commission expenses	7	(25,766,672)	(31,476,474)
Net fees and commission income		**431,797,350**	**290,461,430**
Dividends income		475,505	271,224
Net Trading income	8	1,202,895	335,623
Gain from sale of financial investments	20	10,342,795	66,360,680
Impairment charges for credit losses	11.18	(271,959,709)	(78,367,257)
Administrative expenses	9	(628,852,742)	(506,512,089)
Other operating income	10	1,461,907,249	37,485,841
Profit before tax Income taxes		**2,496,135,788**	**904,222,038**
Income tax expenses	12	(612,817,671)	(317,944,866)
Net profit for the year		**1,883,318,117**	**586,277,172**
Earnings per share for the year	13	50,47	14,38

- The accompanying notes from page (8) to (78) are an integral part of these financial statements and are to be read therewith

BANK AUDI (S.A.E.)
Cash Flows statement
For the year ended 31 December 2016

	Notes	Year ended 31 December 2016 EGP	Year ended 31 December 2015 EGP
Cash flows from operating activities			
Net profit for the year before tax		2,496,135,788	904,222,038
Adjustments to reconcile net profits to cash flows of operating activities			
Depreciation and amortization		61,755,457	49,974,025
Impairment charges on credit losses	11	271,959,709	78,367,257
Other provisions charges	10	21,589,859	31,977,625
Impairment charges of investments		6,696,027	36,453,315
Provisions used other than loans provisions		(155,098)	(3,138,172)
Foreign currency provisions revaluation differences		4,900,253	131,188
Amortization of premium and revaluation difference for available for sale financial investments		(447,579,157)	(40,102,743)
Dividends profits of investments (other than financial assets held for trading)		(475,505)	(271,224)
Gain on sale of fixed assets		(62,169)	(447,760)
Revaluation differences of other loans balances		2,212,644,000	41,700,000
Revaluation differences of loans and advances to banks		(79,975,114)	78,286,000
Gain on sale of other financial investments		(16,591,548)	(106,964,494)
Amortization of the reserve of fair value of investments reclassified from available for sale to held to maturity financial investments		(1,065,697)	-
Profits of operations before changes in assets and liabilities of operating activities		**4,529,776,805**	**1,070,187,055**
Net (increase)/ decrease in assets			
Balances with the Central Bank within the mandatory reserve ratio		647,217,850	(594,402,654)
Due from banks		(3,436,573,129)	(419,904,579)
Treasury bills and other government notes (net)		3,096,952,845	2,170,865,424
Financial derivatives (net)		1,700,783	687,322
Loans and advances to customers		(11,748,945,123)	(5,900,133,789)
Other assets		(818,230,723)	(404,523,552)
Due to banks		782,704	(166,898,669)
Customers› deposits		13,486,433,779	4,869,236,681
Other liabilities		168,178,919	59,744,234
Tax paid		(281,976,577)	(299,224,100)
Net cash from operating activities		**5,645,318,133**	**385,633,373**

BANK AUDI (S.A.E.)
Cash Flows statement
For the year ended 31 December 2016

	Notes	Year ended 31 December 2016 EGP	Year ended 31 December 2015 EGP
Cash flows from investing activities			
Proceeds from sale of fixed assets		221,901	482,500
Payments for purchase of fixed assets and branches leasehold improvements		(183,932,835)	(18,176,853)
Payments for purchase of intangible assets		(46,516,626)	(13,682,569)
Payments for purchase of financial investments (other than financial assets held for trading)		(881,876,021)	(10,563,745,338)
Proceeds from sale of financial investments (other than financial assets held for trading)		395,167,485	8,379,597,286
Dividends profits of investments (other than financial assets held for trading)		475,505	271,224
Net cash flows used in investing activities		**(716,460,591)**	**(2,215,253,750)**
Cash flows generated from financing activities			
Proceeds from other loans		-	1,367,418,000
Proceeds from increase in capital		-	309,204,000
Dividends paid		(45,789,475)	(387,567,134)
Net cash flows (used in) generated from financing activities		(45,789,475)	1,289,054,866
Net change in cash and cash equivalents during the year		4,883,068,067	(540,565,511)
Cash and cash equivalent at the beginning of year		2,176,950,681	2,717,516,192
Cash and cash equivalent at the end of year		7,060,018,748	2,176,950,681
Cash and cash equivalents are represented in:			
Cash and Balance with the Central Bank of Egypt		1,774,981,116	2,158,685,579
Due from banks		11,286,605,885	3,230,478,076
Treasury bills and other governmental notes		1,987,886,919	5,084,839,764
Balances with the Central Bank within the mandatory reserve ratio		(1,349,354,960)	(1,996,572,810)
Due from banks (matured over than three months)		(4,652,213,293)	(1,215,640,164)
Treasury bills and other governmental notes (matured over than three months)		(1,987,886,919)	(5,084,839,764)
Cash and cash equivalent at the end of the year	32	7,060,018,748	2,176,950,681

- The accompanying notes from page (8) to (78) are an integral part of these financial statements and are to be read therewith

BANK AUDI (S.A.E.)
Statement of changes in share holders equity
For the year ended 31 December 2016

	Notes	Issued and paid up capital	Payment of increasing issued capital	Reserves	Retained Earnings	Total
		EGP	EGP	EGP	EGP	EGP
Balance at 1 January 2015		**1,843,243,065**	**-**	**268,467,679**	**409,868,905**	**2,521,579,649**
Dividends for the year 2014 (Shareholders› share)	(31-g)	-	-	-	(348,810,421)	**(348,810,421)**
Dividends for the year 2014 (Employees› share)	(31-g)	-	-	-	(38,756,713)	**(38,756,713)**
Transfer to legal reserve	(31-c)	-	-	22,229,170	(22,229,170)	**-**
Transfer to general banking risks reserve	(31 -b)	-	-	98,643,207	(98,643,207)	**-**
Transfer to capital reserve		-	-	72,601	(72,601)	**-**
Capital Increase under registration	(31-d)	-	309,204,000	-	-	**309,204,000**
Net profit for the year ended December 31, 2015		-	-	-	586,277,172	**586,277,172**
Net change in available for sale investments after taxes	(31-e)	-	-	(39,031,369)	-	**(39,031,369)**
Balance at December 31, 2015		1,843,243,065	309,204,000	350,381,288	487,633,965	**2,990,462,318**
Balance at 1 January 2016		**1,843,243,065**	**309,204,000**	**350,381,288**	**487,633,965**	**2,990,462,318**
Dividends for the year 2015 (Employees› share)		-	-	-	(45,789,475)	**(45,789,475)**
Transfer to legal reserve	(31-c)	-	-	29,291,472	(29,291,472)	**-**
Transfer to general banking risks reserve	(31 -b)	-	-	40,938,249	(40,938,249)	**-**
Transfer to capital reserve	(31-d)	-	-	447,760	(447,760)	**-**
Increase in share capital		309,204,000	(309,204,000)	-	-	**-**
Net profit for the year ended December 31, 2016		-	-	-	1,883,318,117	**1,883,318,117**
Net change in available for sale investments after taxes	(31-e)	-	-	27,200,833	-	**27,200,833**
Transfer of reserve balance of available for sale treasury bonds reclassified to held to maturity		-	-	(218,937,034)	-	**(218,937,034)**
Amortization of reserve balance of available for sale treasury bonds reclassified to held to maturity		-	-	12,298,197	-	**12,298,197**
Balance at December 31, 2016		**2,152,447,065**	**-**	**241,620,765**	**2,254,485,126**	**4,648,552,956**

- The accompanying notes from page (8) to (78) are an integral part of these financial statements and are to be read therewith

BANK AUDI (S.A.E.)
Statement of proposed dividends
For the year ended 31 December 2016

	31 December 2016	31 December 2015
	EGP	EGP
Net profit for the year	1,883,318,117	586,277,172
Less:		
Gain from sale of fixed assets transferred to capital reserve according to law	(62,169)	(447,760)
General banking reserve	(40,938,250)	(98,643,208)
Net profit for the year available for appropriation	**1,842,317,698**	**487,186,204**
(Less)/ add:		
Retained earnings at the beginning of the year	412,105,260	-
Total	**2,254,422,958**	**487,186,204**
Appropriation:		
Legal reserve	94,162,797	29,291,471
Retained earnings	1,985,444,671	412,105,260
Employees› profit share	174,815,490	45,789,473
	2,254,422,958	**487,186,204**

- The accompanying notes from page (8) to (78) are an integral part of these financial statements and are to be read therewith

Mansour & Co. PricewaterhouseCoopers
Certified Public Accountants & Consultants

Khalid & Co. BDO
Certified 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." (the "Bank"), which comprise the balance sheet as at 31 December 2016 and the statements of income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

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

Shareholders of Bank Audi (S.A.E.)
Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bank Audi "S.A.E." as at 31 December 2016, its financial performance, and its cash flows for the financial year then ended in accordance with the rules of preparation and presentation of Bank's financial statements issued by the Central Bank of Egypt on 16 December 2008 and with the requirements of applicable Egyptian laws and regulations.

Report on other legal and regulatory requirements
Nothing has come to our attention- during the financial year ended 31 December 2016- indicating that the Bank materially violated either any of the provisions of the central bank, banking and monetary institution law no.88 of 2003 or articles of incorporation.

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

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

Cairo on 5 February 2017

Auditors

Mohamed Elmoataz Abdel Monem Mohamed
Accountant and Auditors Register Number 12747
Financial Supervisory Authority Register Number 133
Mansour & Co. PricewaterhouseCoopers
Certified Public Accountants & Consultants

Taha Mahmoud Khalid
Member of the Institute of Chartered Accountants in England and Wales
Member of Egyptian Society of Accountants & Auditors
Member of the Egyptian Tax Society
R.A.A. 5136
EFSA Registration 28
BDO Khalid & Co.

1.General Information
Bank Audi "S.A.E." provides corporate, retail banking and investment banking services in the Arab Republic of Egypt through 43 branches and employs 1,466 employees at the balance sheet date.

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

The bank's board approved on issuing the financial statements at 2 February 2017.

2. Summary of Significant Accounting Policies
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies are adopted consistently for the periods presented, unless otherwise stated.

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

2.2 Segment Reporting
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

2.3 Foreign Currency Translation
2.3.1 Functional and presentation currency
The financial statements are presented in Egyptian Pound (EGP), which is the Bank's functional and presentation currency.

2.3.2 Transaction and balances in foreign currency
The Bank maintains its accounting records in Egyptian Pound. Foreign currency transactions during the financial period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement in the following line items:

- "Net trading income" for held-for-trading assets and liabilities or "net income from financial instruments designated at fair value through profit and loss" for instruments designated at fair value through profit and loss according to its type.
- Other operating revenues (expenses) for the rest of items.
- Financial derivatives of equity which are eligible for qualified hedge of cash flows or eligible for qualified hedge net investment.

Changes in the fair value of monetary financial instruments denominated in foreign currency and classified as available for sale Investments (debt instruments) are analyzed into differences resulting from changes in amortized cost of the instrument, differences resulting from changes in the prevailing exchange rates, and differences resulting from changes in the fair value of the instrument. Differences resulted 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 "other operating income (expenses)". Differences resulting from changes in the fair value are recognized within equity under Revaluation Reserve of available for sale investments".

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available for sale financial assets, are included in the fair value reserve in equity.

2.4 Financial assets
The Bank classifies its financial assets in the following categories:

Financial assets designated at fair value through profit or loss (FVTPL); loans and receivables; held to maturity financial investments and available-for-sale financial investments. The classification is determined by management investments at initial recognition.

2.4.1 Financial assets classified as at fair value through
profit or loss Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling in the short term, or on initial recognition it is part of a portfolio of identified financial instruments that the bank manages together and has a recent actual pattern of short-term profit. Derivatives are classified as trading unless it is designated as a hedge instrument.

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

- Gains and losses arising from changes in the fair

value of derivatives that are managed in conjunction with designated financial assets or financial liabilities are included in 'net income from financial instruments designated at fair value though profit and loss'.
Any financial derivative initially recognized at fair value cannot be reclassified during the holding period.
Re-classification is not allowed for any financial instrument initially recognized at fair value through profit and loss if this instrument has been classified by the Bank in initial recognition as a FVTPL instrument.
- In all cases, the bank should not re-classify any financial instrument to financial instruments category which is measured at fair value through profit and loss or to be held for trading investments.

2.4.2 Loans and receivables

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

2.4.3 Held-to-maturity financial assets

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

2.4.4 Available for sale financial investments

Available-for-sale investments are non-derivative financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.
- Purchases or sales of financial assets at fair value through profit and loss, held to maturity financial investments, and available for sale financial investments are recognized at the trade date which is the date the bank is committed to purchase or sell the financial asset.
- All 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 expensed and reported 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 it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial liabilities are derecognized when they are extinguished; that is when the obligation is discharged, cancelled or expires.
-Available-for-sale, held–for-trading and financial assets designated as at fair value through profit or loss are subsequently measured at fair value. Loans and receivables and held-to-maturity investments are subsequently measured at amortized cost.
-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 are recognized directly in equity, until the financial asset is derecognized or impaired, at which time, the cumulative gain or loss previously recognized in equity is recognized in the income statement.
-Interest, calculated using the effective interest method, and foreign currency gains and losses on monetary financial assets classified as available-for-sale are recognized in the income statement. Dividends on available for sale financial assets in equity instruments are recognized in the income statement when the entity's right to receive payment is established.
-The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, or no current demand prices available the bank measures fair value using valuation models. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation models commonly used by market participants. If the bank has not been able to estimate the fair value of equity instruments classified available for sale, value is measured at cost less any impairment in value.
-In case of re-classified 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 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 method.
In case of subsequent financial asset's impairment, any losses or profits previously recognized in equity are recognized in profit and loss.

2.5 Treasury bills

Treasury bills are recorded on acquisition date with face value and the issuance discount representing the unearned interest is recorded in other credit balances and the treasury bills are presented in the balance sheet net of unearned interest which is measured with amortized cost using the effective interest rate. Financial instruments that are sold in an agreement to repurchase them (Repos) are presented in financial statements on net basis under Treasury bills and Other Governmental Notes.

2.6 Offsetting financial instruments

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

2.7 Derivative financial instruments

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 obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.
Embedded derivatives in other financial instruments, such as conversion option in a convertible bond, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, provided that the host contract is not classified as at fair value through profit and loss. These embedded derivatives are measured at fair value with changes in fair value recognized in income statement unless the bank chooses to designate the hybrid contact as at fair value through net trading income in profit or loss.

2.8 Fair value hedges

Changes in fair value of financial derivatives that are designated as hedging instrument are qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedge asset or liability that are attributed in 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 changed in contracts are related hedged items mentioned in the previous paragraph are recorded in 'net trading income'.
If the hedge no longer meets the criteria for hedge accounting, the adjustment to book value of a hedged item 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 they are disposed.

2.9 Cash flow hedges

For designated and qualifying cash flow hedges, the effective portion of the fair value of the hedging instrument initially recognized directly in equity. The ineffective portion of the gain or loss on the hedging instrument is recognized immediately in the '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 is 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 gains or losses relating to the ineffective portion are 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.

2.10 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.

2.11 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".

2.12 Interest income and expense

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss, are recognized within 'interest income' and 'interest expense' in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant Period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter Period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been classified as non-performing or impaired, related interest income is not recognized and is recorded in marginal records apart from the financial statements, and is recognized as revenues according to cash basis as follows:

-When they are collected, after receiving all past due instalments for retail loans, personal loans, real estate loans for personal housing and small business loans.
-For corporate loans, cash basis is also applied, where the return subsequently calculated is raised in accordance with the loan rescheduling contract, until 25% of the rescheduling instalments are repaid, with a minimum of one period of

regular repayment scheme. In case the counterparty persists to regularly pay, the return calculated on the loan outstanding is recognized in interest income. (interest on rescheduling without deficits) without interests aside before rescheduling which is avoiding revenues except after paying all the loan balance in the balance sheet before rescheduling.

2.13 Fees and commissions income

Fees charged for servicing a loan or facility that is measured at amortized cost, are recognized as revenue when the service is rendered.

Fees and commissions on non-performing or impaired loans or receivables cease to be recognized as income and are rather recorded off balance sheet. These are recognized as revenue, on a cash basis, only when interest income on those loans is recognized in profit and loss as in section (2-9). At that time, fees and commissions that represent an integral part of the effective interest rate of a financial asset are treated as an adjustment to the effective interest rate of that financial asset.

Commitment fees for loans and advances are deferred on the initiation of the loan and the utilization of the loan is reviewed with the customer. In case the year has ended without utilization of all or part of the loan commitment fees are recognized within revenues Loan syndication fees are recognized as revenue when the syndication has been completed and the bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants.

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

2.14 Impairment of financial assets

2.14.1 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 substantive 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 probable that the borrower will enter bankruptcy, liquidation or restructure of the granted facility
- Deterioration of the competitive position of the borrower.
- The bank for reasons of economic or legal financial difficulties of the borrower by granting concessions may not agree with the bank granted in normal circumstances.
- Impairment in the value of collaterals.
- Deterioration in the creditworthiness of the borrower.

The objective evidence of impairment loss for a group of financial assets is observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, for instance an increase in the default rates for a particular banking product.

The bank estimates the period between a losses occurring and its identification for each specific portfolio. In general, the periods used vary between one months to twelve months.

Corporate Sector Impairment

The bank first assesses whether objective evidence of impairment exists individually for each financial asset. The Bank performs an individual assessment to assess the impairment. If the bank determines that an objective evidence of financial asset impairment exists, identified impairment is calculated based on expected the future cash flows discounted using the original effective interest rate.

If the Bank determines that there is no objective evidence of impairment of a financial asset that has been individually assessed, then impairment is calculated using the probability of default, loss given default, and an unidentified impairment is calculated for such group of assets.

Retail Impairment

Identified Impairment is calculated for all overdue assets (default of 1 day or more) and this is according to outstanding balance and default rates of each group balances according to the probability of default and loss given default

Unidentified impairment is calculated for all assets with no over dues and this is according to aggregate outstanding balance and probability of default for that category and the loss given default.

Impairment losses are measured by the difference between the asset's book value and the present value of expected future cash flows, 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 future cash flow has been considered in addition to the proceeds from sale of guarantee after deduction selling cost.

For the purpose of an estimation of impairment on aggregated 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 the 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 changed in future cash flows for groups of asserts 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.

2.14.2 Available for sale investments/ investment held to maturity

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

The decrease is considered significant when it becomes 10% from the carrying value of the financial instrument and the decrease is considered to be prolonged if it continues for period more than 9 months, and if the mentioned evidences become available then any cumulative gains or losses previously recognized in equity are recognized in the income statement , in respect of available for sale equity securities, impairment losses previously recognized in profit or loss are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the income statement to the extent of previously recognized impairment charge from equity to income statement.

2.15 Tangible and intangible assets

2.15.1 Fixed assets

The Bank's fixed assets of lands and buildings basically comprise the head office premises and branches, and offices. All fixed assets are carried at historical cost net of accumulated depreciation and impairment losses.

Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognized separately, 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. Repairs and maintenance expenses are recognized in profit or loss within "other operating expenses" line item during the financial period in which they are incurred.

Land is not depreciated. Depreciation of fixed assets is calculated using the straight line method to distribute the cost over the useful life of the asset as to reach the residual value using the following annual rates

Buildings and facilities	40 - 50 years
Leasehold improvements	10 years or lease term whichever is lower
Office furniture and lockers	4 - 20 years
Vehicles	5 – 7 years
Computers hardware/ software	4 - 5 years
Typewriters, calculators and A/C's	4 – 5 years
Fixtures and fittings	5 to 10 years

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

The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing the selling proceeds with the asset carrying amount and charged to "other operating expenses" in the income statement.

2.15.2 Computer hardware/ software

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

Upgrade costs are recognized and added to the original cost of the software when it is likely that such costs will increase the efficiency or enhance the performance of the computers software beyond its original specification.

Cost of computer software recognized as an asset shall be amortized over the period of expected benefits which is between five and ten years.

2.16 Impairment of non-financial assets

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

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.17 Leases

The leases entered into by the bank are primarily operating leases. The total payments made under operating leases are charged to other operating expenses in the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

2.18 Cash and cash equivalents

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

2.19 Other provisions

Provisions for restructuring costs and legal claims are recognized when: the Bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

In case of similar obligations, the related cash outflow should be determined in order to settle these obligations as a group. The provision is recognized even in case of minor probability that cash outflow will occur for an item of these obligations.

When a provision is wholly or partially no longer required, it is reversed through profit or loss under other operating income (expenses) line item.

Provisions for obligations are recognized based on the present value of the best estimate of the consideration required to settle the present obligation at the balance sheet date. An appropriate pre-tax discount rate that reflects the time value of money is used to calculate the present value of such provisions. For obligations due within less than twelve months from the balance sheet date, provisions are calculated based on undiscounted expected cash outflows unless the time value of money has a significant impact on the amount of provision, then it is measured at the present value.

2.20 Financial guarantee contracts

The financial guarantees contracts are the contracts that the bank issue as a guarantee for banks customers for their loans with other parties, and it is required that the bank pays some claims for the beneficiary as a result of default in repayments. These financial guarantees are presented to banks and other financial institutions instead of the banks' customers.

These contracts are initially recognized at fair value on the contract date, and bank's liability is measured by the higher of the initial recognition value deducted by the calculated amortization of guarantee fees or the best estimated value payments required to settle any financial liability resulted from the financial guarantee on balance sheet date. And these estimated values are determined based on bank's management experience in similar transactions.

And any differences in bank's liabilities will be recorded in income statement in other operating income (expenses).

2.21 Employees' benefits

Employees' saving program

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

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

2.22 Tax

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

Current tax

- Current tax due on the bank is calculated according to laws and regulations applicable in Egypt.

- Provision is built for taxes liabilities of previous years after conducting the required tax studies in light of the tax claims.

Deferred tax

Deferred tax is the tax arising from temporary differences resulting from difference in fiscal year in which some assets and liabilities are recognized based on the various tax rules applied and the accounting rules used for the preparation of the financial statements. Deferred tax is identified based on the expected measurement to settle or achieve the current values for the assets and liabilities referred to above using the tax rates applicable as of the balance Sheet date.

Deferred tax assets are generally recognized as assets for the Bank when it is probable that this asset can be used to reduce the taxes due from the Bank in future periods. Deferred tax asset is reduced with the value that will not generate future benefits to the Bank in the following years based on the fact that in case that the future expected future benefit is increased the deferred tax asset shall is increase within the limit of the previous reduction.

2.23 Borrowings

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

2.24 Cost of capital

Issuance costs directly attributable to the issuance of new shares, issuance of shares to effect an acquisition, or issue of share options are reported as a deduction from equity, net of tax benefits.

2.25 Dividends

Dividends on equity instruments issued by the bank are recognized when the General Assembly Meeting of the bank's shareholders approves them. Dividends include the employees' profit share and the board of directors' remuneration as prescribed by the bank's articles of incorporation and the corporate law..

2.26 Dividends income

Dividends are recognized in the statement of income when the right to collect them is issued.

2.27 Purchase and resale Agreements and sale and repurchase agreements.

Financial instruments sold under repurchase agreement are presented as liabilities and deducted from the treasury bills balance in the notes to the financial statements. Financial instruments purchased under resale agreements are presented as assets and added to the treasury bills balance in the notes to the financial statements as it represents borrowing or lending collateralized by treasury bills. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

3. Financial risk management

The bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The bank's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the bank's financial performance.

The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

The bank's risk management policies are designed to identify and analysis these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up to date information system. The bank regularly reviews its risk management policies and systems to reflect changes in markets, products, and emerging best practice.

Risk management is carried out by a risk department under policies approved by the Board of Directors. Financial risks in close co-operation with the Group are operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, credit risk management is responsible for the independent review of risk management and the control environment.

3.1 Credit risk

The bank is exposed to credit risk, which is the risk of suffering financial loss, should any of the bank's customers, clients or market counterparties fail to fulfill their contractual obligations to the bank. Credit risk is the most important risk for the bank's business. Management therefore carefully manages its exposure to credit risk. Credit risk arises mainly from lending activities which resulted in loans, facilities and investment activities which result in including the financial assets in bank's assets. Credit risk is available in the off-balance sheet financial assets such lending commitment. The credit risk management and control are centralized in a credit risk management team, which reports to the Board of Directors and head of each business unit regularly.

Credit risk measurement

Loans and advances to banks and customers In measuring credit risk of loans and advances to banks and customers, the bank reflects the following component:

-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'.

The 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 ISA 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 customers using internal rating tools tailored to the various categories of the counterparty. They have been developed internally and combine statistical analysis with credit officer judgment. Clients of The bank are segmented into four rating classes. The rating scale which is as shown below reflects the range of default probabilities- defined for each rating class. This means that in principal, exposures might migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The bank regularly valid dates the performance of the rating and their predictive power with regard to default cases.

The Bank's internal rating categories	
Rating	**Description**
1	Performing loans
2	Regular watch list
3	Special watch list
4	Non-performing loans

Exposure at default is based on the amounts the bank expects to be outstanding at the time of default. For example, for a loan this is the face value. For a commitment, the bank includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

Loss given default or loss severity represents the bank's expectation of the extent of loss on a claim should default occur. It is expressed as a percentage of loss per unit of exposure and typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit mitigation.

Debt instruments, treasury bills and other bills For debt securities and treasury bills external rating such as (Standard & Poor's) rating or their equivalents are used by the bank for managing of the credit risk exposures. In case such ratings are unavailable, internal rating methods are used that are similar to those used for credit customers. The investment in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirements at the same time.

3.2 Risk limit control and mitigation policies

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

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

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

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

Some other specific control and mitigation measures are outlined below:

· Collateral

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

- Mortgages over residential properties.
- Charges over business assets such as premises, inventory.
- Charges over financial instruments such as debt securities and equities.

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

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-Backed Securities and similar instruments, which are secured by portfolios of financial instruments.

· Derivatives

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

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

· Master Netting Arrangements

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

·Credit related commitments

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

Commitments to extend credit represent unused portions of authorisations 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.

3.3 Impairment and provisioning policies

The internal systems for rating previously mentioned in disclosure (A.1) is focused more on credit quality mapping from the inception of the lending and investment activities. In contrast impairment allowances are recognized for financial reporting purposes only for losses that have been incurred at the balance sheet date based on objective evidence of impairment due to the different methodologies applied the amount of incurred credit losses provided for in the financial statements are usually lower than the amount determined from the expected loss model that is used In 31-Decembetr-2016 for and Central Bank of Egypt regulations purposes (note 3-A / 4).

The impairment provision appeared in the balance sheet at the end of the year in 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:

	31 December 2016		31 December 2015	
Bank's rating	Loans and Advances	Impairment loss Provision	Loans and Advances	Lmpairment loss provision
Performing loans	80%	49%	77%	26%
Regular watching	16%	7%	19%	8%
Watch list	3%	1%	2%	1%
Non-performing loans	1%	43%	2%	65%
	100%	100%	100%	100%

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

- Significant financial difficulties facing the counterparty;
- Breach of loan covenants as in case of default;
- Expecting the bankruptcy of the counterparty, liquidation, lawsuit, or finance rescheduling.
- Deterioration of the borrower's competitive position.
- Offering exceptions or surrenders due to economic and legal reasons related to financial difficulties encountered by the counterparty not provided by The bank in ordinary conditions.
- Deterioration in the value of collateral.
- Deterioration in credit situation.

The bank policies require the review of individual financial assets that are above materiality threshold at least annually or more regularly when individual circumstances require. Impairment allowance on individually assessed accounts are determined by an evaluation of the incurred loss at balance sheet on case-by – case basis, and are applied to all individually significant accounts.
The assessment normally encompasses collateral hold including re- confirmation of its enforceability and the anticipated receipts for that individual account.

Collectively assessed impairment allowances are provided for portfolios of homogenous assets using the available historical experience, experience judgment and statistical techniques.

3.4 General banking risk measurement model

In addition to the four credit rating levels (note 3-A/1), management classifies categories that are more detailed so as to agree with the requirements of the Central Bank of Egypt (CBE). Assets subject to credit risk are classified in these categories in accordance with regulations and detailed conditions that largely depend on information related to the client, his/her activity, financial position, and regularity of repayment.

The bank calculates the required provisions for the impairment of the assets subject to credit risk, including commitments related to credit, on the basis of ratios specified by the Central Bank of Egypt. In case the impairment loss provision required by the Central Bank of Egypt exceeds that required for the purpose of financial statement preparation in accordance with the Egyptian accounting standards, retained earnings is decreased to support the General Bank risk reserve with the amount of the increase. This reserve is Period periodically revised by increase and decrease to reflect the amount of increase between the two provisions. Note (32-B) indicates the movement on the general banking risk reserve account during the financial year.

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

CBE Rating Categorisation	Rating description	Provision %	Internal rating	Internal rating description
1	Low risk	0	1	Good loans
2	Average Risk	1%	1	Good loans
3	Satisfactory Risk	1%	1	Good loans
4	Reasonable Risk	2%	1	Good loans
5	Acceptable Risk	2%	1	Good loans
6	Marginally Acceptable Risk	3%	2	Standard monitoring
7	Watch List	5%	3	Special monitoring
8	Substandard debt	20%	4	Non-performing loans
9	Doubtful debt	50%	4	Non-performing loans
10	Bad debt	100%	4	Non-performing loans

3.5The maximum limit for credit risk before collaterals

	2016	2015
Balance Sheet items exposed to credit risks		
Balances with the Central Bank limited to the statutory reserve ratio	1,349,354,960	1,996,572,810
Due from banks	11,286,605,885	3,230,478,076
Treasury bills and other government notes	1,987,886,919	5,084,839,764
Loans and advances to banks	146,132,000	66,156,886
Loans and advances to customers		
Retail loans (net):		
- Credit cards	510,456,717	428,058,017
- Personal loans	3,748,431,014	3,131,937,308
- Overdrafts	465,612,762	638,682,242
- Real estate loans	209,932,578	132,443,374
Corporates Loans (net):		
- Overdrafts	11,405,395,379	6,670,083,311
- Direct loans	4,888,833,760	2,808,144,602
- Syndicated loans	7,879,009,161	4,281,989,275
- Other loans	825,730,947	365,078,775
Financial Investments:		
- Debt instruments	7,816,307,679	7,037,969,099
Total	**52,519,689,761**	**35,872,433,539**
off-balance sheet items exposed to Credit risk *		
Loans commitments and other irrecoverable credit commitments	265,528,060	473,395,690
Letters of credit - import	355,024,001	300,872,891
Letters of guarantee	3,734,865,756	2,154,717,120
Debtors by acceptances	138,310,543	81,594,169
Total	**4,493,728,360**	**3,010,579,870**

* Note (33):

- The above table represents the maximum limit of exposed credit risk as of 31-December – 2016 and 31-Decemeber-2015, 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 75% of the total maximum limit exposed to credit risk resulted from loans and advances to customers and banks at 31-December -2016 against 60% at 31-Decemeber-2015, while investment in debt instruments represents 20% against 23% at 31-December-2015.

The Management is confident of its ability to maintain control on an on- going basis and maintains the minimum credit risk resulting from both loans and advances portfolio and debt instruments based on the following:

- 96% of the loans and advances portfolio is classified at the highest two ratings of the internal rating at 31 December 2016 against 96% at 31 December 2015.
- 91% of the loans and advances portfolio having no past dues or impairment indicators at 31 December 2016 against 72% at 31 December 2015.
- Impaired loans and advances, which are assessed on individual basis, amounted to EGP 452.723.604 at 31 December 2016 against EGP 274.014.867 at 31 December 2015, there is impairment less than 74% thereof against 68% at 31 December 2015.
- As a result, the impairment loss charged to statement of income at 31 December 2016 amounted to EGP 81.863.929 on an individual basis against the amount of EGP 12.871.609 at 31 December 2015.
- The Bank has applied more strict granting operations when granting loans and advances during the financial year ended as of 31 December 2016.
- Investments in debt instruments and treasury bills contain more than 92% at 31 December 2016 against 97% at 31 December 2015 due from the Egyptian government.

3.6 Loans and advances

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

	2016	2015
Neither past due nor impaired	27,714,009,093	13,435,144,150
Past due but not impaired	2,393,503,363	5,059,869,128
Subject to Impairment	452,723,604	274,014,867
Total	30,560,236,060	18,769,028,145
Less: Impairment loss provision	(626,833,742)	(312,611,241)
Net	**29,933,402,318**	**18,456,416,904**

-The total impairment loss of loans and advances amounted to EGP 626.833.742 at 31 December 2016 against EGP 312.611.241 at 31 December 2015 of which EGP 325.957.533 against EGP 199.987.839 at 31 December 2015 represents the impairment of individual loans and the remaining amount of EGP 300.876.209 compared to EGP 112.623.402 at 31 December 2015 represents the impairment loss on group basis of the credit portfolio. Note 18 provides additional information on the provision for impairment losses on loans and advances to customers.

- The bank's portfolio increased by 62% during the year compared to the financial year ended 31 December 2015 as a result of the expansion in the granting activities, especially in the Arab Republic of Egypt and to reduce the possible exposure to the credit risk, the Bank concentrates on dealing with large institutions or individuals with credit worthiness.

Loans and advances neither past due nor impaired

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

Loans and advances to customers at 31 December 2016

	Retail			
	Credit cards	Personal loans	Overdrafts	Real estate loans
Good Loans	464,003,847	3,354,955,966	470,473,044	201,156,707
Total	**464,003,847**	**3,354,955,966**	**470,473,044**	**201,156,707**

Loans and advances to customers at 31 December 2016

	Corporate		
	Overdrafts and direct loans	Syndicated loans	Other loans
Good Loans	12,479,227,580	5,621,525,482	701,291,171
Standard monitoring	1,975,672,115	1,699,940,108	77,405,981
Special monitoring	32,502,623	635,854,469	-
Total	**14,487,402,318**	**7,957,320,059**	**778,697,152**

Loans that are backed by collateral are not considered impaired for the non-performing category, taking into consideration the collectability of the collateral.

Loans and advances to customers at 31 December 2015

	Retail			
	Credit cards	Personal loans	Overdrafts	Real estate loans
Good Loans	402,083,347	2,829,399,665	641,300,738	127,996,088
Total	**402,083,347**	**2,829,399,665**	**641,300,738**	**127,996,088**

Loans and advances to customers at 31 December 2015

	Corporate		
	Overdrafts and direct loans	Syndicated loans	Other loans
Good Loans	5,697,769,954	1,054,723,164	289,846,483
Standard monitoring	1,602,065,278	652,752,373	69,586,974
Special monitoring	67,620,086	-	-
Total	**7,367,455,318**	**1,707,475,537**	**359,433,457**

Loans that are backed by collateral are not considered impaired for the non-performing category, taking into consideration the collectability of the collateral.

Loans and advances past due but not impaired

Loans and advance that have past due for up to 90 days but not impaired, unless the bank is otherwise informed. Loans and advance that have past due but not impaired and the fair values of the related collateral are as follows:

Balance at 31 December 2016	Retail			Corporate		
	Credit cards	Personal loans	Real estate loans	Overdrafts and direct loans	Syndicated loans	Net loans and advances to customers
Past dues up to 30 days	30,993,485	260,728,750	7,449,034	143,788,164	15,587,937	458,547,370
Past dues from 30 to 60 days	11,121,653	81,088,177	1,400,282	200,709,096	-	294,319,208
Past dues from 60 to 90 days	5,800,610	34,488,619	-	1,600,347,556	-	1,640,636,785
Total	**47,915,748**	**376,305,546**	**8,849,316**	**1,944,844,816**	**15,587,937**	**2,393,503,363**
Fair value of collateral	2,209,886	39,184,234	-	-	-	41,394,120

Balance at 31 December 2015	Retail			Corporate		
	Credit cards	Personal loans	Real estate loans	Overdrafts and direct loans	Syndicated loans	Net loans and advances to customers
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

In the initial recording of loans and advances , the fair value of collaterals 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

A. Loans and advances to customers individually

The individually impaired loans and advances to customers before taking into consideration cash flows from collaterals amounted to EGP 452.723.604 at 31 December 2016 against EGP 274.014.867 at 31 December 2015.

The breakdown of the gross amount of individually impaired loans and advances including fair value of collateral obtained by the bank are as follows:

Balance at 31 December 2016	Retail		Corporate		Total
	Credit cards	Personal loans	Overdrafts and direct loans	Syndicated loans	
Individually impaired Loans	8,224,361	44,672,988	354,467,290	45,358,965	**452,723,604**
Fair value of collateral	-	-	88,620,191	-	**88,620,191**

Balance at 31 December 2015	Retail		Corporate		Total
	Credit cards	Personal loans	Overdrafts and direct loans	Syndicated loans	
Individually impaired Loans	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**

Restructured Loans and Advances

Restructuring activities include renegotiating in terms of payments terms extension, restructure of mandatory management policies, adjusting and postpone repayment terms.Restructuring policies depend on indicators or standards in addition to the management personal judgment to show the regular payments are of high probability. These polices are subject to regular review. Long-term loans, especially loans to customers are usually subject to restructuring .The renegotiated loans amounted to EGP 1,079,587,897 at 31 December 2016 against EGP 678,963,688 at 31 December 2015.

	2016 December 31	2015 December 31
Loans and advances to customers		
Corporate		
- Direct loans	1,079,587,897	678,963,688

3.7 Debt instruments, treasury bills and other government 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 2016 .

	Treasury bills and other government notes	Investment in securities	Total
AAA to AA-	-	91,648,510	**91,648,510**
A- to A+	-	311,237,779	**311,237,779**
Less than -A	1,987,886,919	7,395,807,762	**9,383,694,681**
Not Classified	-	17,613,627	**17,613,627**
Total	**1,987,886,919**	**7,816,307,678**	**9,804,194,597**

8.3 Concentration of risks of financial assets with credit risk exposure

Geographical segments

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 2016, upon preparing this table risk exposures have been distrusted on the geographic segments according to the areas related to the bank customers.

31 December 2016	Arab Republic of Egypt						
	Cairo	,Alexandria Delta and Sinai	Total	Arab Gulf Countries	Other countries	Total	Total
Treasury bills and other government notes	1,987,886,919	-	**1,987,886,919**	-	-	-	**1,987,886,919**
Loans and advances to banks	-	-	-	-	146,132,000	**146,132,000**	**146,132,000**
Loans and advances to customers							
Retail loans:							
Overdrafts	391,820,752	78,652,292	470,473,044	-	-	-	470,473,044
Credit cards	444,044,273	76,099,683	520,143,956	-	-	-	520,143,956
Personal loans	3,126,631,547	649,302,953	3,775,934,500	-	-	-	3,775,934,500
Real estate loans	208,092,738	1,913,285	210,006,023	-	-	-	210,006,023
Corporate loans							
Overdrafts	9,507,959,747	2,129,355,882	11,637,315,629	-	51,004,841	**51,004,841**	**11,688,320,470**
Direct loans	4,735,972,916	306,312,630	5,042,285,546	-	-	-	**5,042,285,546**
Syndicated loans	6,790,282,402	105,124,491	6,895,406,893	812,616,345	310,243,723	1,122,860,068	**8,018,266,961**
Other loans	834,139,087	666,473	834,805,560	-	-	-	**834,805,560**
Financial derivatives	477,464		477,464	-	2,827	2,827	**480,291**
Financial investments							
Debt instruments	7,047,034,855	-	**7,047,034,855**	659,399,826	109,872,998	**769,272,824**	**7,816,307,679**
Other assets	1.460.346.437	35.224.178	**1.495.570.615**	5.554.963	1.527.537	**7.082.500**	**1.502.653.115**
Total at 31 December 2016	**36,534,689,137**	**3,382,651,867**	**39,917,341,004**	**1,477,571,134**	**618,783,926**	**2,096,355,060**	**42,013,696,064**
Total at 31 December 2015	**28,516,123,356**	**2,188,748,622**	**30,704,871,978**	**632,814,668**	**304,790,175**	**937,604,843**	**31,642,476,821**

31 December 2015	Arab Republic of Egypt						
	Cairo	Alexandria Delta and Sinai	Total	Arab Gulf Countries	Other countries	Total	Total
Treasury bills and other government 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**	**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**
Personal 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	**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	**470,298,480**	**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 instruments	6,709,003,872	-	6,709,003,872	282,584,627	46,380,600	328,965,227	7,037,969,099
Other assets	664,428,554	9,379,233	673,807,787	6,210,313	4,404,292	10,614,605	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**	**937,604,843**	**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	1,168,117,117	25,617,364,534

Industry sectors

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

31 December 2016	Financial institutions	Industrial institutions	Real estate activity	Retail trade and wholesale	Government sector	Other activities	Individuals	Total
Treasury bills and other government notes	-	-	-	-	1,987,886,919	-	-	**1,987,886,919**
Loans and advances to banks	146,132,000	-	-	-	-	-	-	**146,132,000**
Loans and advances to customers								
Retail loans:								
Overdrafts	-	-	-	-	-	-	470,473,044	**470,473,044**
Credit cards	-	-	-	-	-	-	520,143,956	**520,143,956**
Personals loans	-	-	-	-	-	-	3,775,934,500	**3,775,934,500**
Real estate loans	-	-	-	-	-	-	210,006,023	**210,006,023**
Corporate loans								
Overdrafts	401,764,046	5,241,604,434	1,497,057,722	2,869,839,942	958,878,822	719,175,504	-	**11,688,320,470**
Direct loans	1,642,964,164	2,102,912,132	715,137,783	301,736,953	-	279,534,514	-	**5,042,285,546**
Syndicated loans	52,749,459	2,374,156,771	1,160,071,136	-	3,497,588,830	933,700,765	-	**8,018,266,961**
Other loans	-	89,850,028	206,404,521	210,453,821	127,848,236	200,248,954	-	**834,805,560**
Financial derivatives	480,291	-	-	-	-	-	-	**480,291**
Financial investments							-	
Debt instruments	360,781,138	-	-	-	7,455,526,541	-	-	7,816,307,679
Other assets	45,240,171	126,951,397	28,241,794	38,685,422	434,718,416	789,693,260	39,122,655	1,502,653,115
Total at 31 December 2016	**2,650,111,269**	**9,935,474,762**	**3,606,912,956**	**3,420,716,138**	**14,462,447,764**	**2,922,352,997**	**5,015,680,178**	**42,013,424,918**
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**

31 December 2015	Financial institutions	Industrial institutions	Real estate activity	Retail trade and wholesale	Government sector	Other activities	Individuals	Total
Treasury bills and other government 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**

3.9 Market risk

The bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rate, credit spreads, foreign exchange rates and equity prices. The bank separates exposures to market risk into either trading or non-trading portfolios.

The Bank separates its exposure to market risk into trading and non- trading portfolios. Bank Risk division is responsible for managing 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 ahead.

Non-trading portfolios primarily arise from the interest rate management of the entity's retail and commercial banking assets and liabilities. Non-trading portfolios also consist of foreign exchange and equity risks arising from the bank's held to maturity and available for sale investments.

3.9.1 Market risk measurement techniques

As part of market risk management, the Bank undertakes various hedging strategies (Note 2 g), and enters into swaps to match the interest rate associated counter balance with fixed rate long - term loans if the fair value option is applied. The most important measurement techniques used to measure and control the 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 loss, 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 are daily monitored by the bank's risk management.

VAR is a statistical estimation of the potential losses on the current portfolio from adverse market movements in which it represents the maximum amount the bank expects to lose using confidence level (98%). Consequently, there is statistical probability of (2%) that the actual loss could be greater than the VAR estimation. Value at risk (VAR) model assumes that the holding period is ten days before closing the open positions. It also assumes that the market movement during the holding period will follow the same pattern of movement that occurred during the previous ten days. The Bank's assessment of past movements is based on data for the previous five years. The Bank applies these historical changes in rates and prices and indicators directly on the current positions - This approach is known as historical simulation. The actual outcomes are monitored on a regular basis to test the validity of the assumptions and factors used in the VAR calculation.

The use of this approach does not prevent the losses from exceeding these limits in case of significant market movement.

Since VAR is considered an essential part of the bank's market risk control technique, VAR limits are set by the Board of Directors annually limits for all trading and non-trading transactions and allocated to business units. Actual Values exposed to market risk are compared to the limits set by the Bank and reviewed daily by the bank's risk division.

The average daily VAR for the bank during the current year reached EGP 1,919 against EGP 124 thousand during 31 December 2015.

The quality of value at risk model is continuously monitored through examining the VAR results for trading portfolio and and the results are reported to the top management and Board of Directors.

Stress testing

Stress testing provides an indication of the expected losses that may arise from sharp adverse circumstances. Stress testing is designed to match business using standard analysis for specific scenarios. Stress testing carried out by the Bank's risk management includes 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 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 the top management and Board of Directors.

3.9.2 Summary of value at risk (VAR)

Total value at risk according to the risk type

	31 December 2016			31 December 2015		
	Average	High	Low	Average	High	Low
Foreign exchange risk	1,919	6,637	109	124	261	37

Trading portfolio value at risk by risk type

	31 December 2016			31 December 2015		
	Average	High	Low	Average	High	Low
Foreign exchange risk	1,919	6,637	109	124	261	37

3.9.3 Foreign currency risk

The bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits for foreign exchange with the aggregate value for each position at the end of the day as well as during the day, which is controlled on timely basis. The following table summarizes the Bank's exposure to foreign exchange fluctuations risk at 31 December 2016. The following table includes the carrying amounts of the financial instruments in their currencies:

Financial Assets:	EGP	USD	GBP	Euro	Other Currencies	Total
Cash and due from Central Bank of Egypt	1,522,080,130	177,890,155	11,343,799	36,740.813	26,926,219	**1,774,981,116**
Due from banks	5,676,972,521	5,046,253,433	73,380,124	478,093,065	11,906,742	
Treasury bills and other government notes	1,987,886,919	-	-	-	-	**1,987,886,919**
Loans and advances to banks	-	146,132,000	-	-	-	**146,132,000**
Loans and advances to customers	19,630,346,937	9,665,254,676	88,904	637,611,468	100,333	**29,933,402,318**
Financial derivatives	480,291	-	-	-	-	**480,291**
financial investments -Available-for-sale	12,295,708	773,474,119	-	-	-	**785,769,827**
financial investments- Held to maturity	7,039,421,228	-	-	-	-	**7,039,421,228**
Other financial assets	731,570,985	69,575,241	1,469	1,970,106	245	**803,118,046**
Total financial assets	**36,601,054,719**	**15,878,579,624**	**84,814,296**	**1,154,415,452**	**38,933,539**	**53,757,797,630**
Financial liabilities						
Due to banks	4,341,240	3,668,662	-	-	-	**8,009,902**
Customers' deposits	34,850,629,827	9,355,212,672	146,866,868	1,155,837,797	29,664,601	**45,538,211,765**
Other loans	-	3,835,965,000	-	-	-	**3,835,965,000**
Financial derivatives	2,805,353	-	-	-	-	**2,805,353**
Other financial liabilities	447,294,708	47,853,262	181,015	1,211,536	11,486	**496,552,007**
Total financial liabilities	35,305,071,128	13,242,699,596	147,047,883	1,157,049,333	29,676,087	**49,881,544,027**
Net financial position	1,295,983,591	2,635,880,028	(62,233,587)	(2,633,881)	9,257,452	**3,876,253,602**
Commitments related to credits	240,498,308	25,029,752	-	-	-	**265,528,060**
2015 December 31						
Total financial assets	**28,054,186,896**	**7,806,928,902**	**50,878,082**	**556,891,735**	**12,259,498**	**36,481,145,113**
Total financial liabilities	**26,683,036,467**	**6,657,500,334**	**63,198,402**	**612,433,987**	**10,335,601**	**34,026,504,791**
Net financial position	**1,371,150,429**	**1,149,428,568**	**(12,320,320)**	**(55,542,252)**	**1,923,897**	**2,454,640,322**

3.9.4 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 reprising 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 categorizes by the earlier of re-pricing or maturity dates: The tables below summarizes the Bank's exposure to the interest rate fluctuations risk which includes carrying value of the financial instruments categorized based on the earlier of re-pricing dates and the maturity dates.

31 December 2016	Up to one month	3 -1 months	3 months to 1 year	1 year to 5 years	More than 5 years	Non-interest bearing	Total
Cash and due from the Central Bank of Egypt	-	-	-	-	-	1,774,981,116	**1,774,981,116**
Due from banks	4,766,957,447	3,527,808,151	2,624,405,144	-	-	367,435,143	**11,286,605,885**
Treasury bills and other government notes.	51,283,461	241,764,899	1,694,838,559	-	-	-	**1,987,886,919**
Loans and advances to customers	3,686,592,467	17,336,686,626	5,223,390,866	3,868,143,648	32,114,512	(213,525,801)*	**29,933,402,318**
Loans and advances to banks	-	-	-	-	146,132,000	-	**146,132,000**
Financial derivatives	6,869	473,422	-	-	-	-	**480,291**
Available-for-sale financial investments	-	368,780,865	402,575,614	3,153,301	-	11,260,048	**785,769,827**
Held-to-maturity investments	-	-	-	5,485,018,616	1,751,041,449	(196,638,837)**	**7,039,421,228**
Other financial assets	-	-	-	-	-	803,118,046	**803,118,046**
Total financial assets	8,504,840,244	21,475,513,963	9,945,210,183	9,356,315,565	1,929,287,961	2,546,629,715	**53,757,797,630**
Financial liabilities							
Due to banks	-	-	-	-	-	8,009,902	**8,009,902**
Customers' deposits	8,506,600,971	5,471,388,254	16,308,516,843	10,624,893,070	14,190,000	4,612,622,627	**45,538,211,765**
Financial derivatives	1,048,890	1,225,991	530,472	-	-	-	**2,805,353**
Other loans	3,470,635,000	365,330,000	-	-	-	-	**3,835,965,000**
Other financial liabilities	-	-	-	-	-	496,552,007	**496,552,007**
Total financial liabilities	11,978,284,861	5,837,944,245	16,309,047,315	10,624,893,070	14,190,000	5,117,184,536	**49,881,544,027**
Re- pricing gap	(3,473,444,617)	15,637,569,718	(6,363,837,132)	(1,268,577,505)	1,915,097,961	(2,570,554,821)	**3,876,253,603**
31 December 2015 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**
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**

* * The amount of EGP (213,525,801) represents the advanced commissions and interests amortized over the life of customers' loans.

**The amount EGP (196,638,837) is broken down into EGP (206,638,837) which represents the revaluation of the available for sale financial investments that have been reclassified to held-to-maturity financial investments, and the amount of EGP 10,000,000 pounds which represents the worth of investment in funds.

3.10 Liquidity risk

Liquidity risk is the risk that the bank is unable to meet its obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligation to repay depositors and fulfil commitments to lend.

Liquidity risk management

The bank liquidity management process, as carried out within the bank and monitored by assets and liability committee, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or borrowed by customers. The bank maintains an active presence in global money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring the liquidity ratios against internal and regulatory requirements by the Central Bank of Egypt.
- Managing the concentration and profile of debt maturities

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key Periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Assets and Liability management also monitors unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

Funding approach

Sources of liquidity are regularly reviewed by a separate team in bank's Treasury to maintain a wide diversification by currency, geography, provider, product and term.

Non-derivative 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:

31 December 2016 (Local currency)	Up to one month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Liabilities:						
Due to banks	8,009,902	-	-	-	-	8,009,902
Customers' deposits	13,671,755,949	6,560,874,056	15,026,800,667	10,262,247,666	16,533,427	45,538,211,765
Other loans	-	-	-	2,739,975,000	1,095,990,000	3,835,965,000
Other liabilities and financial derivatives	19,507,759	456,760,441	2,675,893	20,413,267	-	499,357,360
Total financial liabilities according to the contractual maturity date	**13,699,273,610**	**7,017,634,497**	**15,029,476,560**	**13,022,635,933**	**1,112,523,427**	**49,881,544,027**
Total financial assets according to the contractual maturity date	**17,831,481,073**	**5,823,312,021**	**16,501,984,212**	**10,449,136,816**	**3,151,883,508**	**53,757,797,630**

31 December 2015 (Local currency)	Up to one month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year to 5 years	More than 5 years	Total
Liabilities:						
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 financial liabilities according to the 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 financial assets according to the contractual maturity date	**13,092,929,199**	**3,175,426,902**	**9,841,220,219**	**7,563,180,239**	**2,808,388,554**	**36,481,145,113**

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, 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 grouping 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 2016	Up to one month	More than 1 month up to 3 months	More than 3 months up to 1 year	Total
Derivatives held for trading				
Forward foreign exchange contracts:				
-Cash Outflows	94,323,913	33,883,831	-	**128,207,744**
-Cash Inflows	92,529,323	33,353,359	-	**125,882,682**
Total Cash Outflows	**94,323,913**	**33,883,831**	-	**128,207,744**
Total Cash Inflows	**92,529,323**	**33,353,359**	-	**125,882,682**

31 December 2015	Up to one month	More than 1 month up to 3 months	More than 3 months up to 1 year	Total
Derivatives held for trading				
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**

*** Off Balance Sheet Items**

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

31 December 2016	Up to 1 year	More than I year up to 5 years	More than 5 years	Total
Loans commitments	97,815,642	147,824,055	19,888,363	**265,528,060**
Financial collaterals, accepted bills and other financial advances	3,092,537,111	725,062,655	111,154,585	**3,928,754,351**
Capital commitments resulting from the acquisition of fixed assets*	259,009,648	-	-	**259,009,648**
Total	**3,449,362,401**	**872,886,710**	**131,042,948**	**4,453,292,059**

31 December 2015	Up to 1 year	More than I year up to 5 years	More than 5 years	Total
Loans commitments	148,646,701	304,527,379	20,221,610	**473,395,690**
Financial Collaterals, accepted bills and other financial advances	1,757,581,008	523,050,748	23,180,596	**2,303,812,352**
Capital commitments resulting from the acquisition of fixed assets*	77,819,575	-	-	**77,819,575**
Total	**1,984,047,284**	**827,578,127**	**43,402,206**	**2,855,027,617**

* Note (34-B).

3.11 Fair values of financial assets and liabilities

3.11.1 Financial instruments measured at fair value using valuation techniques

The change in the estimated fair value using valuation techniques at 31 December 2016 amounted to EGP (27,200,833) against EGP (39,031,369) at 31 December 2015.

3.11.2 Financial instruments not measured at fair value

The following table summarizes the present value and fair value for those financial assets and liabilities that are not presented in the Bank's balance sheet at fair value:

Financial assets	Book Value 31 December 2016	31 December 2015	Fair value 31 December 2016	31 December 2015
Financial Investments-Held to maturity	7,039,421,228	10,000,000	6,881,073,021	13,865,295

Due from banks

The fair value of deposits and overnight deposits with variable interest is its present value. The expected fair value for deposits bearing variable interest is based on the discounted cash flow using interest rate prevailing in the market for similar asset of similar credit risk and maturity dates.

Loans and advances to banks

Loans and advances to banks are represented in borrowings other than deposits at banks. The expected fair value of loans and advances represents the discounted value of future cash flows expected to be collected. The cash flows are discounted using the current market interest rate to determine the fair value.

3.11.3 Financial instruments not measured at fair value (cont.)

Loans and advances to customers

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

Investments in financial instruments

Investments in financial securities shown in the previous table includes only held to maturity assets that carry interest. 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 brokers' 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 with indefinite maturity date, which comprise non-interest bearing deposits, represent the amount that will be paid on call.

The fair value for 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 with similar maturity dates.

Debt instruments in issue

The aggregate fair value is calculated based on quoted market prices. For those notes whose 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.

3.12 Capital Management

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

- To comply with the capital requirements set by Arab Republic of Egypt and countries in which Bank branches operate.
- To safeguard the bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To maintain a strong capital base to support the development of its business.
- Capital adequacy and the use of regulatory capital (Central Bank of Egypt) are monitored by the bank's management, employing techniques based on the guidelines developed by the Basel Committee and the European Community Directives, as implemented by the Central Bank of Egypt (CBE) or supervisory purposes, the required information is filed with the Authority on a quarterly basis.
- The Central Bank of Egypt requires the Bank to:
  - Retain EGP 500 million as a minimum limit of paid and issued capital.
  - The bank maintains a ratio of 10% or more of total regulatory capital to its risk-weighted assets and contingent liabilities.
  - 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.

According to Basel II requirements, the nominator of capital adequacy is composed on the following two tiers:

Tier 1:

A-The basic going concern capital which consists 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 difference 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 subordinated 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 book value of financial investments (fair value reserve if it is positive, financial investments held to maturity, investments in subsidiaries and associates).
- 45% of the special reserve.
- 45% of the 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 weight.
- Loans, facilities and non performing contingent liabilities provision for impairment loss should be adequate to meet the obligations the provision formed for.

Deducted 50% of the Tier 1 and 50% of the Tier 2:

- Investments in non-financial companies - each company alone, which amount to 15% or more of basic going concern capital of the bank before regulatory amendments.
- The total value of the bank's investments in non-financial companies - each company separately less than 15% more of the basic going concern capital before regulatory adjustments provided that these investments combined exceed 60% of the basic capital by regulatory amendments
- Securitization portfolios.
- Regarding the value of the assets that reverted to the bank as a debt settlement in the general banking risk reserve.

  When calculating the total numerator of capital adequacy standard, it is considered that subordinated 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 2016	31 December 2015
Capital		
Share capital	2,152,447	2,152,447
Legal reserve	101,810	72,518
Other reserves	585	138
Retained earnings	412,105	-
Total deductions from invested capital	(331,295)	(56,677)
Total tier 1 capital	**2,335,652**	**2,168,426**
Total hedging instrument made	**258,145**	**-**

	31 December 2016	31 December 2015
Tier 2 after disposals		
Provisions of impairment losses of performing loans and advances, and contingent liabilities	327,800	117,300
45% of the fair value reserve of available for sale financial investments	1,751	-
45% of the increase of fair value over the carrying amount of held to maturity financial investments	2,937	1,739
- Subordinated loans (deposits)	1,095,990	463,806
Total tier 2 capital	**1,428,478**	**582,845**
Total capital	**3,764,130**	**2,751,271**
Risk weighted assets and contingent liabilities in order to cover credit risks	34,137,558	20,064,741
Capital required for opposite risks	146	4,661
Total of credit risk	**34,139,018**	**20,069,402**
Capital required for market risk	12,248	-
Capital required for operational risk	299,770	1,745,530
Excess of 50 major customers over the established risk weighted limits,	4,043,949	-
Total risk weighted assets and contingent liabilities in order to cover credit, market and operational risks	**41,303,147**	**21,814,932**
Total risk weighted assets and contingent liabilities with credit, market and operational risks and hedging instrument	**37,259,198**	**-**
Capital adequacy ratio (%)	**9,113%**	**12,61%**
Capital adequacy ratio without hedging instrument	**10,103%**	**-**

3.13 Leverage Ratio

Central Bank of Egypt Board of Directors had approved in its meeting held on July 14, 2015 special supervisory instructions related to leverage ratio of maintaining a minimum level of leverage ratio of 3% to be reported on a quarterly basis as follows:

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

This ratio will be included in Basel requirement Tier 1 in order to maintain the effectiveness of the Egyptian Banking system, as well as keep up with the best international regulatory practices.

Financial leverage ratio reflect the relationship between tier 1 for capital that are used in capital adequacy ratio (after exclusions) and the Bank's assets (on and off-balance Sheet items) that are no risk weighted assets

Ratio Component

- The numerator components

The numerator consists of the tier 1 for capital that is used in capital adequacy ratio (after exclusions) in accordance with the requirements of the Central Bank of Egypt.

- The Denominator Components

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

On Balance Sheet exposure items after deducting Tier 1

1. exclusions for capital base
2. Derivatives contracts exposure
3. Financing securities operations exposure
4. Off-balance sheet exposures "weighted exchange transactions"

The following table summarizes the leverage ratio at 31 December 2016:

Leverage Financial ratio

	31 December 2016	31 December 2015
First: Tier I Capital after disposals	**2,335,652**	**2,168,425**
Second: Total exposures on & off balance sheet items		
Cash and Due from the Central Bank of Egypt	1,774,981	2,158,686
Current accounts and deposits due from banks	11,286,606	3,230,478
Loans and advances to banks	146,132	66,189
Treasury bills and other governmental notes	2,131,600	5,274,025
Available for sale investments	785,770	7,050,181
Held-to-maturity investments	7,039,421	10,000
Loans and credit facilities	30,721,508	18,821,079
impairment of Non-performing facilities	(325,958)	(199,988)
Fixed assets (net)	627,811	497,686
Other assets	1,559,248	702,188
Deducted exposures after disposals of basic capital (tier 1)	(36,997)	(31,942)
Total exposures of on balance sheet after deduction of tier 1 disposals	**55,710,122**	**37,578,582**
Replacement cost	433	36
Expected future value	126,578	4,626
Total exposures resulting from derivatives contracts	**127,011**	**4,662**
Total exposures on- balance sheet items , financial derivatives transactions and securities (1)	**55,837,133**	**37,583,244**
Total contingent liabilities		
Letters of credit - import	54,791	39,516
Letters of guarantee	1,703,321	989,301
Letters of guarantee demanded by non-resident banks	67,202	33,029
Accepted promissory notes	113,754	61,571
Total contingent liabilities	**1,939,068**	**1,123,417**
Capital commitments	253,598	77,819
Loans and facilities to banks/customers commitment (unused portion) with original maturity period		
Irrevocable -more than one year	132,764	162,374
Irrevocable - one year or less	-	29,730
revocable without conditions at any time by the bank and without advanced note or includes cancellation terms	1,067,096	799,079
Total commitments	**1,453,458**	**1,069,002**
Total off-balance sheet exposures (2)	**3,392,526**	**2,192,419**
Total on & off-balance sheet exposures (1) +(2)	**59,229,659**	**39,775,663**
Leverage ratio	**3,94%**	**5,45%**

4.Critical accounting estimates and assumptions

The bank makes estimates and assumptions that affect the presented amounts of assets and liabilities within the next financial Period. Estimates and judgments are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events which believed to be reasonable during the current conditions and available information.

4.1.Impairment losses of loans and advances

The bank reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the bank makes judgments as to whether there is any observable data indicating an impairment trigger followed by measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The method and assumptions used to estimate the amount and the timing of future cash flows are reviewed on a regular basis in order to reduce any difference between the expected and the actual loss based on experience, if the variance of the net current value of the expected cash flows reaches +/-5%, the impairment losses provision will be higher or lower by EGP 5,146,085.51 than the formed provision

4.2. Impairment of available- for-sale equity investments

The bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of whether they are significant or prolonged requires judgment. In making this judgment, the bank evaluates among other factors, the volatility in share price. In addition, objective evidence of impairment may be deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

4.3.Held to maturity financial investments

The bank classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgment. In making this judgment, the bank evaluates its intention and ability to hold such investments to maturity. If the bank were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the bank is required to reclassify the entire category as available for sale. Accordingly, the investments would be measured at fair value instead of amortized cost, in addition to hanging the classification of any investments in this category.

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.

4.4. Income taxes

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 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. Segment reporting analysis

5.1 Segment analysis of activities

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

5.2 Large, medium, and small enterprises:

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

5.3 Investment:

Includes mergers, purchase of investments and financing the restructuring of companies and financial instruments

5.4 Retail:

includes current account, saving accounts, deposits, credit card, personal loans, and real estate loans activities,

5.5 Other activities:

Includes other banking operations, such as Fund management Transactions among segments are performed according to the bank's operating cycle, and include operating assets and liabilities as presented in the bank's statement of financial position.

31 December 2016

Revenues and expenses by business segment

	Large financial institutions	Medium and small corporates	Investment	Retail	Total
Income of segmental activities	2,208,288,653	100,298,322	2,723,723,124	1,306,858,968	6,339,169,067
Expenses of segmental activities	(1,927,407,384)	(27,105,852)	(864,930,293)	(1,023,589,750)	(3,843,033,279)
Results of business segments	**280,881,269**	**73,192,470**	**1,858,792,831**	**283,269,218**	**2,496,135,788**
Income tax Expense	(70,220,319)	(18,298,117)	(453,481,931)	(70,817,304)	(612,817,671)
Profit for the year	**210,660,950**	**54,894,353**	**1,405,310,900**	**212,451,914**	**1,883,318,117**

Assets and liabilities according to segmental activities.

Assets segmental activities	23,627,872,824	1,371,096,428	25,207,855,956	4,934,433,067	**55,141,258,275**
Other items of segmental activities					
Depreciation	(14,933,281)	(2,669,950)	(30,862,182)	(13,290,043)	**(61,755,456)**
Impairment and effect of other provisions on income statements	(107,981,525)	-	-	-	**(107,981,525)**

31 December 2015

Revenues and expenses by business segment

	Large financial institutions	Medium and small corporates	Investment	Retail	Total
Income of segmental activities	1,243,652,440	35,988,566	1,733,059,524	918,714,803	3,931,415,333
Expenses of segmental activities	(936,508,258)	(20,905,815)	(1,347,772,930)	(722,006,293)	(3,027,193,296)
Results of business segments	**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 by business segment

Assets 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 2016

Income and expenses by geographical segments

	Arab Republic of Egypt			EGP		
	Cairo	Alexandria, Delta and Sinai	Total	Arab Gulf Countries	Other countries	Total
Income of geographical segments	5,800,402,808	369,840,412	6,170,243,220	41,826,204	114,519,838	6,326,589,262
Expenses of geographical segments	(3,192,363,716)	(426,535,195)	(3,618,898,911)	(211,886)	(63,682,004)	(3,682,792,801)
Results of business segment	**2,608,039,092**	**(56,694,783)**	**2,551,344,309**	**41,614,318**	**50,837,834**	**2,643,796,461**
Unclassified expenses	-	-	-	-	-	(147,660,673)
Profit for the year before tax	-	-	-	-	-	**2,496,135,788**
Income Tax expense	-	-	-	-	-	(612,817,671)
Profit for the year	-	-	-	-	-	**1,883,318,117**

Assets and liabilities by geographical segments

Assets of geographical segments	46,740,783,080	3,582,934,910	50,323,717,990	2,226,840,742	2,891,575,752	55,442,134,484
Unclassified assets	-	-	-	-	-	(300,876,209)
Total assets	**46,740,783,080**	**3,582,934,910**	**50,323,717,990**	**2,226,840,742**	**2,891,575,752**	**55,141,258,275**
Liabilities of geographical segments	40,912,704,278	5,679,644,454	46,592,348,732	10,683,459	3,862,749,430	50,465,781,621
Unclassified liabilities	-	-	-	-	-	26,923,698
Total liabilities	**40,912,704,278**	**5,679,644,454**	**46,592,348,732**	**10,683,459**	**3,862,749,430**	**50,492,705,319**
Other items of geographical segments						
Depreciation	(55,666,192)	(6,089,264)	(61,755,456)	-	-	(61,755,456)
Impairment and effect of other provisions on income statement	(108,348,399)	(43,366,862)	(151,715,261)	-	-	(151,715,261)

31 December 2015

Revenues and expenses by geographical segments

	EGP					
	Arab Republic of Egypt					
	Greater Cairo	Alexandria, Delta and Sinai	Total	Arab Gulf Countries	Other countries	Total
Income of geographical segments	3,571,150,924	278,452,329	3,849,603,253	35,583,785	28,529,467	3,913,716,505
Expenses of geographical segments	(2,601,817,169)	(340,118,297)	(2,941,935,466)	(68,983)	(36,724,765)	(2,978,729,214)
Results of business segment	**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**

31 December 2015

Assets and liabilities by geographical segments

	Greater Cairo	Alexandria, Delta and Sinai	Total	Arab Gulf Countries	Other countries	Total
Assets of 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 of 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 segments						
Depreciation	(45,820,858)	(4,153,167)	(49,974,025)	-	-	(49,974,025)
Impairment and effect of other provisions on income statement	(54,626,833)	7,024,828	(47,602,005)	-	-	(47,602,005)

6. Net interest income

Interest income on loans and similar income :

	2016	2015
Loans and advances:		
- To banks	5,329,112	4,546,610
- To customers	2,809,370,376	1,613,202,542
	2,814,699,488	**1,617,749,152**
Treasury bills and Other governmental notes	1,261,883,665	1,595,736,213
Deposits and Current Accounts	228,152,359	155,117,543
Investments in debt instruments held to maturity and available for sale	13,628,758	13,177,578
Others	248,162	258,015
Total	4,318,612,432	3,382,038,501

Interest expense on deposits and similar expenes :

	2016	2015
Deposits and current accounts:		
- To banks	(1,050,071)	(3,717,752)
- To customers	(2,763,700,294)	(2,265,343,429)
	(2,764,750,365)	**(2,269,061,181)**
Other loans	(62,639,622)	(18,711,542)
Others	-	(79,192)
Total	**(2,827,389,987)**	**(2,287,851,915)**
Net	**1,491,222,445**	**1,094,186,586**

7.Net fees and commission income

Fees and commission income

	2016	2015
Fees and commissions related to credit	252,281,748	220,824,499
Fees related to corporate financing services	22,814,370	18,582,290
Custody fees	5,672,759	5,593,206
Other fees	176,795,145	76,937,909
Total	**457,564,022**	**321,937,904**
Fees and commission expenses		
Brokerage fees paid	(1,011,003)	(976,762)
Other fees paid	(24,755,669)	(30,499,712)
Total	**(25,766,672)**	**(31,476,474)**
Net fees and commission income	**431,797,350**	**290,461,430**

8. Net trading income

	2016	2015
Profit of selling debt instruments held for trading	1,202,895	335,623
	1,202,895	**335,623**

9. Administrative expense

	2016	2015
Staff costs		
Salaries and wages	(321,669,400)	(266,254,211)
Social insurance	(11,018,641)	(8,404,783)
Total staff costs	**(332,688,041)**	**(274,658,994)**
Depreciation and amortization	(61,755,457)	(49,974,025)
Other administrative expenses	(234,409,244)	(181,879,070)
Total	**(628,852,742)**	**(506,512,089)**

10. Other operating income

	2016	2015
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	1,520,489,002	97,273,664
Gain on sale of property and equipment	62,169	447,760
Rental Charges	(38,129,563)	(29,187,621)
Other charged provisions (Note 28)	(21,589,859)	(31,977,625)
Other income	1,075,500	929,663
	1,461,907,249	37,485,841

11. Impairment charges on credit losses

	2016	2015
Loans and advances to customers	(271,959,709)	(78,367,257)
	(271,959,709)	**(78,367,257)**

12. Income taxes expenses

	2016	2015
Current tax	(252,641,202)	(318,016,288)
Deferred tax	(360,176,469)	71,422
Total	**(612,817,671)**	**(317,944,866)**

Additional information on deferred income taxes have been disclosed in note 29, 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:

	31 December 2016	31 December 2015
Accounting profit before tax	2,496,135,787	904,222,037
Income tax calculated at 22.5%	**561,630,552**	**203,449,958**
Non-deductible expenses	18,521,442	11,743,992
Non-taxable income	(1,731,911)	(23,961,819)
Increase in tax calculated on interest of treasury bills and bonds	34,351,148	126,686,770
Tax on dividends and capital profits	46,440	25,965
Total tax	**612,817,671**	**317,944,866**
Effective tax rate	25%	35%

13. Earnings per share

	2016	2015
Basic earnings per share		
Net profits for the year after deducting general banking risk reserve	1,842,317,698	487,186,204
Employees' profit share	(174,815,490)	(45,789,473)
Weighted average number of shares	33,038,798	30,700,000
Net earnings per share for the year	**50,47**	**14,38**

14. Cash and Balances with Central Bank of Egypt

	31 December 2016	31 December 2015
Cash	425,626,156	162,112,769
Balances with CBE (mandatory reserve)	1,349,354,960	1,996,572,810
Total	**1,774,981,116**	**2,158,685,579**
Non-interest bearing balances	1,774,981,116	2,158,685,579
Total	**1,774,981,116**	**2,158,685,579**

15. Due from banks

	31 December 2016	31 December 2015
Current accounts	367,435,143	275,843,414
Deposits	10,919,170,742	2,954,634,662
Total	**11,286,605,885**	**3,230,478,076**
Due from central bank (other than those under the mandatory reserve)	8,141,213,294	1,284,228,464
Local banks	273,664,452	636,881,482
Foreign banks	2,871,728,139	1,309,368,130
Total	**11,286,605,885**	**3,230,478,076**
Non-interest bearing balances	367,435,143	275,843,414
Fixed interest balances	10,919,170,742	2,954,634,662
Total	11,286,605,885	3,230,478,076
Current balances	10,069,545,523	2,644,977,112
Non-current balances	1,217,060,362	585,500,964
Total	**11,286,605,885**	**3,230,478,076**

16. Treasury bills and other government notes

	31 December 2016	31 December 2015
Treasury bills (net)	1,987,886,919	5,084,839,764

Treasury bills represent:

	31 December 2016	31 December 2015
Treasury bills 182 days maturity	21,450,000	-
Treasury bills 273 days maturity	1,400,150,000	2,143,750,000
Treasury bills 364 days maturity	710,000,000	3,130,275,000
Less: unearned interest	(143,713,081)	(189,185,236)
Treasury bills	**1,987,886,919**	**5,084,839,764**

17. Loans and advances to banks

	31 December 2016	31 December 2015
Term loans	146,132,000	66,156,886
Non-current balances	146,132,000	61,840,800
Current balances	-	4,316,086
	146,132,000	**66,156,886**

Loans to banks at 31 December 2016 amounted to USD 8 million (compared to USD 8 million at 31 December 2015) for the value of purchased certificates of Bank Audi SAL against a subordinated loan granted to ODEA Bank - Turkey, affiliated to the Group. The certificates mature in October 2024 with annual interest rate of 6.5% payable quarterly.

18. Loans and advances to customers

Retail:	31 December 2016	31 December 2015
Overdrafts	470,473,044	641,300,738
Credit cards	520,143,956	431,806,198
Personal loans	3,775,934,500	3,146,851,825
Real estate loans	210,006,023	132,468,608
Total	**4,976,557,523**	**4,352,427,369**
Corporates, including small loans for economic activities:		
Overdrafts	11,688,320,470	6,839,632,019
Direct loans	5,042,285,546	2,882,542,168
Syndicated loans	8,018,266,961	4,325,730,321
Other loans	834,805,560	368,696,268
Total	**25,583,678,537**	**14,416,600,776**
Total loans and advances to customers	**30,560,236,060**	**18,769,028,145**
Less:		
Allowance for impairment losses	(626,833,742)	(312,611,241)
Net balance, distributed as follows:	**29,933,402,318**	**18,456,416,904**
Current balances	19,077,381,913	11,116,804,531
Non-current balances	10,856,020,405	7,339,612,373
	29,933,402,318	18,456,416,904

Impairment loss provision

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

	31 December 2016				
Retail:	Credit cards	Personal loans	Overdrafts	Real estate loans	Total
Balance at 1 January 2016	3,748,181	14,914,517	2,618,496	25,234	**21,306,428**
Impairment loss recognized during the year	14,467,155	23,630,276	1,620,739	48,211	**39,766,381**
Loans written off	(11,788,389)	(17,849,872)	-	-	**(29,638,261)**
Recoveries during the year	3,260,292	6,808,565	-	-	**10,068,857**
Foreign exchange translation differences	-	-	621,047	-	**621,047**
Balance at 31 December 2016	**9,687,239**	**27,503,486**	**4,860,282**	**73,445**	**42,124,452**

Corporate:	31 December 2016 Overdrafts	Direct loans	Syndicated loans	Other loans	Total
Balance at 1 January 2016	169,548,707	74,397,566	43,741,047	3,617,493	**291,304,813**
Impairment loss recognized during the year	97,111,194	70,894,008	58,731,006	5,457,120	**232,193,328**
Loans written off	-	-	-	-	**-**
Recoveries during the year	-	-	-	-	**-**
Foreign exchange translation differences	16,265,190	8,160,212	36,785,747	-	**61,211,149**
Balance at 31 December 2016	**282,925,091**	**153,451,786**	**139,257,800**	**9,074,613**	**584,709,290**

Impairment losses of corporate amount of EGP 287,804,743 represent provision of groups with similar credit characteristic and EGP 296,904,547 for individual provision.

Retail:	31 December 2015 Credit cards	Personal loans	Overdrafts	Real estate loans	Total
Balance at 1 January 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**
Loans written off	(7,106,022)	(13,192,558)	-	-	**(20,298,580)**
Recoveries during the year	3,553,683	7,384,051	-	-	**10,937,734**
Foreign exchange translation differences	-	-	20,786	-	**20,786**
Balance at 31 December 2015	**3,748,181**	**14,914,517**	**2,618,496**	**25,234**	**21,306,428**

Corporate:	31 December 2015 Overdrafts	Direct loans	Syndicated loans	Other loans	Total
Balance at 1 January 2015	182,750,733	80,393,621	38,184,276	3,145,142	**304,473,772**
Impairment loss recognized during the year	(11,475,361)	70,536,463	5,037,707	472,351	**64,571,160**
Loans written off	(2,107,188)	(76,963,409)	-	-	**(79,070,597)**
Recoveries during the year	-	153,324	-	-	**153,324**
Foreign exchange translation differences	380,523	277,567	519,064	-	**1,177,154**
Balance at 31 December 2015	**169.548.707**	**74.397.566**	**43.741.047**	**3.617.493**	**291.304.813**

Impairment losses of corporate amount of EGP 106,274,486 represent provision of groups with similar credit characteristic and EGP 185,030,327 for individual provision.

19. Financial derivatives

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

Currency forwards represent commitments to purchase foreign and domestic currency, including undelivered spot transactions. Foreign currency and interest rate futures are contractual obligations to receive or pay a net amount based on changes in currency rates or interest rates, or to buy or sell foreign currency or a financial instrument on a future date at a specified price, established in an active financial market.

Forward rate agreements are individually negotiated interest rate futures that call for a cash settlement at a future date for the difference between a contracted rate of interest and the current market rate, based on a notional principal amount.

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (for example, fixed rate for floating rate) or a combination of all these (i.e., cross-currency interest rate swaps). No exchange of principal takes place, except for certain currency swaps.

The bank's credit risk represents the potential cost to replace the swap contracts if counterparties fail to fulfill their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, and a proportion of the notional amount of the contracts. To control the level of credit risk taken, the bank assesses counterparties using the same techniques as for its lending activities.

Foreign currency 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 contacts 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 notional amounts of certain types of financial instrument provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the bank 's exposure to credit or price risks.

The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

	Fair values At 31 December 2016			Fair values At 31 December 2015		
Derivatives Held for trading	Contractual/ notional amount of assets/ (liabilities)	Assets	(Liabilities)	Contractual/ notional amount of assets/ (liabilities)	Assets	(Liabilities)
Forward foreign exchange contract	128,207,744	480,291	2,805,353	107,611,058	60,531	684,810
Total derivatives (over the counter)	128,207,744	480,291	2,805,353	107,611,058	60,531	684,810
Current balances	128,207,744	**480.291**	**2,805,353**	**107,611,058**	**60,531**	**684,810**

20. Financial investments

(A) Held to maturity financial investments

	31 December 2016	31 December 2015
Unlisted Debt Instruments- at amortized cost	10,000,000	10,000,000
Listed Debt instruments - at amortized cost	7,029,421,228	-
	7,039,421,228	**10,000,000**

(B) Available for sale financial investments

	31 December 2016	31 December 2015
Debt instruments:		
Listed- at fair value	772,495,112	7,014,208,913
Unlisted - at amortized cost	4,391,339	13,760,186
Equity instruments:		
Listed- at fair value	2,918,381	18,666,746
Unlisted - at cost	5,964,995	3,545,223
Total	**785,769,827**	**7,050,181,068**
Fixed interest debt instruments	7,801,916,340	7,014,208,913
Floating interest debt instruments	14,391,339	23,760,186
Total	7,816,307,679	7,037,969,099
Current balances	7,801,916,340	6,682,018,980
Non-current balances	23,274,715	378,162,088
Total	7,825,191,055	7,060,181,068

The movement of the financial investments is as follows:

31 December 2016	Available-for-sale-investments	Held-to-maturity investments	Total
Beginning balance	7,050,181,068	10,000,000	**7,060,181,068**
Additions during the year	881,876,021	-	**881,876,021**
Amortization of premium / discount	1,968,238	1,065,697	**3,033,935**
Disposals (sale / redemption)	(378,575,937)	-	**(378,575,937)**
Revaluation of monetary assets denominated in foreign currencies	445,610,919	-	**445,610,919**
Change in fair value	(192,537,121)	-	**(192,537,121)**
Impairment loss	(6,696,027)	-	**(6,696,027)**
Available for sale financial investments reclassified to held-to-maturity financial investments	(7,016,057,334)	7,016,057,334	**-**
Amortization of the reserve of fair value of held to maturity financial investments	-	12,298,197	**12,298,197**
Ending balance	**785,769,827**	**7,039,421,228**	**7,825,191,055**

31 December 2015	Available-for-sale-investments	Held-to-maturity investments	Total
Beginning balance	4,797,780,765	10,000,000	**4,807,780,765**
Additions during the year	10,560,811,201	-	**10,560,811,201**
Amortization of premium/ discount	2,934,137	-	**2,934,137**
Disposals (sale / redemption)	(8,372,306,651)	-	**(8,372,306,651)**
Revaluation of monetary assets denominated in foreign currencies	40,102,743	-	**40,102,743**
Impairment loss	(43,743,950)	-	**(43,743,950)**
Change in fair value	64,602,823	-	**64,602,823**
Balance	**7,050,181,068**	**10,000,000**	**7,060,181,068**

	2016	2015
Gain from sale of financial investments		
Gains on sale of available for sale financial investments	19,522,166	107,188,707
Loss on sale of available for sale equity instruments	(2,930,618)	(224,213)
Gains on sale of treasury bills	447,274	3,140,136
Impairment loss of equity instruments available for sale	(6,696,027)	(43,743,950)
Total	**10,342,795**	**66,360,680**

21. Intangible assets

	31 December 2016	31 December 2015
Computer Software		
Net book value at the beginning of the year	**17,705,057**	**11,410,919**
Additions	**46,516,626**	**13,682,569**
Amortization	**(8,106,999)**	**(7,388,431)**
Net book value at the end of the year	**56,114,684**	**17,705,057**

22. Other assets

	31 December 2016	31 December 2015
Accrued revenues	725,938,900	362,627,845
Prepaid expenses	36,577,284	31,906,432
Advance payments for purchase of fixed assets	650,427,592	222,437,284
Insurance and custody	9,654,593	2,876,776
Assets reverted to the Bank in settlement of debts	2,875,600	2,875,600
Other debt balances	77,179,146	61,698,455
Total	1,502,653,115	684,422,392

23. Fixed assets

	Land and Buildings	Leasehold improvements	Machinery and equipment	Other assets	Total
Cost at 1 January 2015	**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 at January 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)**
Settlements during the year	3,740,243	(22,680)	-	178,370	**3,895,933**
Depreciation expense	(8,070,548)	(4,147,646)	(3,768,365)	(26,599,035)	**(42,585,594)**
Accumulated depreciation for the disposals during the year	-	-	945	1,090,581	**1,091,526**
Net book value at 31 December 2015	**336,372,866**	**15,582,245**	**19,676,221**	**126,054,915**	**497,686,247**
Cost at January 1, 2016	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 at January 1, 2016	**336,372,866**	**15,582,245**	**19,676,221**	**126,054,915**	**497,686,247**
Additions during the year	99,110,156	5,632,360	28,586,083	50,604,236	**183,932,835**
Disposals during the year	-	-	(8,250)	(492,582)	**(500,832)**
Depreciation expense	(10,588,689)	(4,222,755)	(7,294,603)	(31,542,411)	**(53,648,458)**
Accumulated depreciation for the disposals during the year	-	-	8,250	332,850	**341,100**
Net book value at 31 December 2016	**424,894,333**	**16,991,850**	**40,967,701**	**144,957,008**	**627,810,892**
Cost at 31 December 2016	**476,373,933**	**44,394,566**	**77,547,038**	**307,389,938**	**905,705,475**
Accumulated depreciation	(51,479,600)	(27,402,716)	(36,579,337)	(162,432,930)	**(277,894,583)**
Net book value at 31 December 2016	**424,894,333**	**16,991,850**	**40,967,701**	**144,957,008**	**627,810,892**

Fixed assets (after depreciation) include assets amounted to EGP 183.02 million at the balance sheet date as of 31 December 2016 (compared to EGP 107.32 million at 31 December 2015), which represents the assets that have not been registered in the Bank's name. Legal procedures are currently being undertaken to register those assets.

24. Due to banks

	31 December 2016	31 December 2015
Current accounts	8,009,902	7,227,198
Total	**8,009,902**	**7,227,198**
Foreign banks	8,009,902	7,227,198
Total	**8,009,902**	**7,227,198**
Non-interest bearing balances	8,009,902	7,227,198
Total	**8,009,902**	**7,227,198**
Current balances	8,009,902	7,227,198

25. Customers' deposits

	31 December 2016	31 December 2015
Demand deposits	9,654,088,983	5,650,465,409
Time and call deposits	25,502,758,267	17,063,518,209
Certificates of deposit	7,093,557,340	7,035,487,694
Saving deposits	1,941,302,876	1,362,937,054
Other deposits	1,346,504,299	939,369,620
Total	**45,538,211,765**	**32,051,777,986**
Corporate deposits	28,497,690,809	19,624,275,131
Retail deposits	17,040,520,956	12,427,502,855
Total	**45,538,211,765**	**32,051,777,986**
Non-interest bearing balances	4,612,622,627	2,493,045,760
Variable interest bearing balances	8,511,394,408	5,948,329,348
Fixed interest bearing balances	32,414,194,730	23,610,402,878
Total	**45,538,211,765**	**32,051,777,986**
Current balances	35,259,430,672	25,344,140,273
Non-current balances	10,278,781,093	6,707,637,713
Total	**45,538,211,765**	**32,051,777,986**

26. Other loans

	Interest rate	31 December 2016	31 December 2015
Bank Audi Lebanon (S.A.L) - a loan amounted to USD 100 million dated April 27, 2015, due on April 26, 2018.	LIBOR 3 months + 2.5%	1,826,650,000	773,010,000
Bank Audi Lebanon (S.A.L) - a loan amounted to USD 20 million dated March 13, 2015, due on March 12, 2018.	LIBOR 3 months + 0.75%	365,330,000	154,602,000
Bank Audi Lebanon (S.A.L) - a subordinated loan amounted to USD 60 million dated December 30, 2015, due on December 30, 2025.	LIBOR 3 months + 3%	1,095,990,000	463,806,000
Bank Audi Lebanon (S.A.L)- a loan amounted to USD 30 million dated January 11, 2015 due on January 10, 2018.	LIBOR 3 months + 0.75%	547,995,000	231,903,000
Total other loans		3,835,965,000	1,623,321,000
Non-current balances		3,835,965,000	1,623,321,000

27. Other liabilities

	31 December 2016	31 December 2015
Accrued Interest	385,880,302	273,693,753
Unearned revenues	6,303,846	4,233,675
Accrued expenses	46,215,238	33,164,702
Other credit balances	110,671,705	69,800,042
Total	**549,071,091**	**380,892,172**

28. Other provisions

	31 December 2016			
	Provisions of possible claims	Provision for legal claims	Provision of contingent liabilities**	Total
Balance, at the beginning of the year	67,349,737	831,944	5,375,780	73,557,461
Formed during the year (Note 10)	4,322,133	-	17,347,368	21,669,501
Used during the year	(4,295)	(150,803)	-	(155,098)
Provisions no longer required	-	(79,642)	-	(79,642)
Foreign exchange differences	-	-	4,900,253	4,900,253
Balance, at the end of the year	71,667,575	601,499	27,623,401	99,892,475

** Provision of contingent liabilities represented EGP 699,704 against individual provision and a collective provision for groups with similar credit characteristics amounted to EGP 26,923,697.

	31 DECEMBER 2015			
	Provisions of possible claims	Provision for legal claims	Provision of contingent liabilities*	TOTAL
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 exchange differences	-	-	131,185	**131,185**
Balance, at the end of the year	**67,349,737**	**831,944**	**5,375,780**	**73,557,461**

** Provision of contingent liabilities represented EGP 699,704 against individual provision and a collective provision for groups with similar credit characteristics amounted to EGP 4,676,076

29. Deferred tax liabilities

Deferred tax has been calculated on all temporary tax differences using the liabilities method and using the effective tax rate 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

Below is the movement of deferred tax assets and liabilities:

Deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Fixed assets	-	-	(34,958,253)	(24,874,284)
Provisions (other than Provision for loan impairment)	9,013,276	10,614,346	-	-
FX revaluation gain of monetary assets and liabilities	-	-	(348,491,430)	-
Foreign currencies translation differences	-	-	-	(800,920)
Total deferred tax asset (liability)	9,013,276	10,614,346	(383,449,683)	(25,675,204)
Net deferred tax liability	-	-	(374,436,407)	(15,060,858)

Movement of deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Balance, at beginning of the year	13,748,445	14,120,642	(28,809,303)	(32,583,224)
Tax recognized in income statement	(1,601,070)	(372,197)	(358,575,399)	443,619
Tax recognized in equity	**-**	**-**	**800,920**	**3,330,302**
Balance at end of the year	**12,147,375**	**13,748,445**	**(386,583,782)**	**(28,809,303)**

Deferred tax recognized directly in equity

	31 December 2016	31 December 2015
Deferred tax liabilities - valuation of available for sale financial investments	-	(800,920)
Balance	-	(800,920)

30. Issued and Paid- up Capital

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

On April 23, 2013, the Extraordinary General Assembly approved to increase the authorized and issued capital by an amount of USD 30 million equivalent to the amount EGP 206,334,000. Shareholders paid such increase in cash, so the authorized and issued capital amounted USD 265 million, equivalent to the amount of EGP 1,543, 358,865, divided among 26,500,000 shares, the value of each share is USD 10 and all the issued shares were paid in full. On November 21, 2013, the capital increase was registered in the commercial register.

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

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

The shareholders' structure is as follows:

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

31. Reserves and retained earnings

	31 December 2016	31 December 2015
Reserves		
Special reserve	81,099,789	81,099,789
General banking risks reserve	260,874,317	219,936,068
Legal reserve	101,809,690	72,518,218
Capital reserve	585,267	137,507
Fair value reserve-Available for sale investments	3,890,539	(23,310,294)
Fair value reserve- financial investments transferred to held to maturity	(206,638,837)	-
Total reserves at the end of the year	241,620,765	350,381,288

Movements on reserves are as follows:

	31 December 2016	31 December 2015
A) Special reserve		
Beginning balance of the year	81,099,789	81,099,789
Ending Balance 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 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 former basis of evaluation to the provisions as the new method to special reserve in the owner's equity.

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

	31 December 2016	31 December 2015
B) General Banking risk reserve		
Beginning balance of the year	219,936,068	121,292,861
Transfer from retained earnings	40,938,249	98,643,207
Ending balance of the year	260,874,317	219,936,068

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

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

	31 December 2016	31 December 2015
C) Legal reserve		
Beginning balance of the year	72,518,218	50,289,048
Transfer from net profit of the year	29,291,472	22,229,170
Ending Balance of the year	101,809,690	72,518,218

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.

	31 December 2016	31 December 2015
D) Capital reserve		
Beginning balance of the year	137,507	64,906
Formed from the profit of the year	447,760	72,601
Ending Balance of the year	585,267	137,507

In accordance with the requirements and instructions of the Central Bank, the capital reserve is made from the capital profits realized from sale of fixed assets before the distribution of dividends.

	31 December 2016	31 December 2015
E) Fair value reserve - available for sale investments		
Beginning balance of the year	(23,310,294)	15,721,075
Net gain from the change in fair value (note 20)	(175,945,573)	64,602,823
Net (gains) transferred to the income statement due to disposal (note 20)	(16,591,548)	(106,964,494)
Fair value reserve of reclassification for Treasury Bonds from available for sale to held to maturity	218,937,034	-
Deferred tax (note 29)	800,920	3,330,302
Ending Balance of the year	**3,890,539**	**(23,310,294)**

	31 December 2016	31 December 2015
F) Fair value reserve - available for sale financial investments transferred to held to maturity		
Beginning balance of the year	-	-
Net gain from change in fair value (note 20)	-	-
Fair value reserve of reclassification for Treasury Bonds from available for sale to held to maturity)	(218,937,034)	-
Amortization of the reserve balance of available for sale treasury bills reclassified to held-to-maturity	12,298,197	-
Ending Balance of the year	**(206,638,837)**	**-**

	31 December 2016	31 December 2015
G) Retained earnings		
Balance, at the beginning of the year	487,633,965	409,868,905
Net profit for the year	1,883,318,117	586,277,172
Shareholders' profit share for the years 2014/ 2015	-	(348,810,421)
Employees' profit share for the years s of 2014/ 2015	(45,789,473)	(38,756,713)
Transferred to capital reserve	(447,761)	(72,601)
Transferred to general banking risk reserve.	(40,938,250)	(98,643,207)
Transferred to legal reserve	(29,291,472)	(22,229,170)
Balance, at the end of the year	**2,254,485,126**	**487,633,965**

32. 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 2016	31 December 2015
Cash and balances with the Central Bank other than mandatory reserve ratio	425,626,156	162,112,769
Due from banks	6,634,392,592	2,014,837,912
Treasury bills and other government notes.	-	-
Total	**7,060,018,748**	**2,176,950,681**

33. Contingent liabilities and commitments

A. Legal claims

Several lawsuits were brought against the bank and are still outstanding as of 31 December 2016, provision amounted to EGP 601,499 has been formed against these lawsuits.

B. Capital Commitment

The bank is a party to contacts for capital commitments amounting to EGP 259.01 million as of 31 December 2016 (EGP 77.82 million on 31 December 2015). These represent commitments by the bank for the purchase of fixed assets. Management is sufficiently confident that net profit shall be realized and finance shall be made available to cover these commitments.

C. The Bank's commitments for loans, guarantees and advances are represented as follows:

	31 December 2016	31 December 2015
Commitments for loans and other irrevocable liabilities related to credit	265,528,060	473,395,690
Letters of acceptances	138,310,543	81,594,169
Letters of guarantee	3,734,865,756	2,154,717,120
Letters of credit - import	355,024,001	300,872,891
Total	**4,493,728,360**	**3,010,579,870**

34 . Related party transactions

The bank is 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 year ended at 31 December 2016 are as follows:

Loans and advances from related parties	31 December 2016 EGP	31 December 2015 EGP
Outstanding loans at the beginning of the year	1,623,321	214,203
Loans obtained during the year	-	1,367,418
Foreign currencies translation differences	2,212,644	41,700
Outstanding loans at the end of the year	**3,835,965**	**1,623,321**

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

Loans and advances to related parties

	Senior management members		Other parties	
	31 December 2016 EGP	31 December 2015 EGP	31 December 2016 EGP	31 December 2015 EGP
Outstanding loans at the beginning of the year	16,410	17,183	61,841	-
Loans issued during the year	21,483	14,201	-	63,440
Loans recovered during the year	(20,992)	(14,974)	-	-
Foreign currencies translation differences		-	84,291	(1,599)
Outstanding loans at the end of the year	**16,901**	**16,410**	**146,132**	**61,841**

Deposits from related parties

Due to customers	Senior management members 31 December 2016 '000 EGP	31 December 2015 '000 EGP	Other parties 31 December 2016 '000 EGP	31 December 2015 '000 EGP
At the beginning of the year	24,194	19,623	19,615	20,814
Deposits placed during the year	355,143	186,343	1,326,463	606,173
Deposits repaid during the year	(357,713)	(182,808)	(1,339,477)	(607,757)
Foreign currencies translation differences	3,848	1,036	13,136	385
Balance, at the end of the year	25,472	24,194	19,737	19,615
Interest expense on deposits	2,027	1,523	1,214	1,061

Other transactions with related parties	31 December 2016 EGP	31 December 2015 EGP
Due from banks	10,604	3,954
Due to banks	8,010	6,498
Letters of guarantee	136,530	63,949
Letter of credit - import	-	223
Accepted papers	8,630	4,092

Benefits to the Board and senior management	31 December 2016 EGP	31 December 2015 EGP
Salaries and short- term benefits	1,601	1,600

The monthly average of net salaries and benefits for top twenty employees with the largest salaries and benefits reached EGP 3,868,132 during the current financial year ended 31 December 2016 against EGP 3,362,121 for the financial year ended 31 December 2015.

35. Tax position

On September 4, 2014, law No.44 for year 2014 was issued, this law imposes an extra 5% tax to be paid annually for three years starting from the current tax year. This extra tax is to be paid on amount exceeds 1 million EGP. From the income tax base on individuals or corporate. They are linked and collected in accordance with those provisions and this law works starting from September 5, 2014.

On 30th of June 2014 a presidential by decree law No.53 for year 2014 was issued. This law included ruling to amend some articles of Income Tax Law No.91 for year 2005; the most important amendments were as following:

1- Imposing taxes on dividends.
2- Imposing tax on capital gains resulting from the sale of securities.

On April 6, 2015, the Ministerial Decree No. 172 for 2015 was issued. This law included ruling to amend some articles of Income Tax Law and issued by the Minister of Finance No.991 for year 2005.

On 20 of August 2015 a presidential by decree law No. 96 for year 2015 was issued this law included ruling to amend some articles of income tax law No. 91 for year 2015 to impose of a temporary additional tax on income the law will be effected starting from the next day of publishing, the most important amendments were as follows;

1- Reduce the tax rate on income to be 22.5% of the annual net profits.
2- Adjust additional tax imposition year 5% to be 1 year instead of 3 years (only on 2014).
3- Adjust taxes on profit dividends.
4- Suspending the imposition of a capital tax on the output of dealing in securities listed for two years starting from May 17, 2015.

The bank is subject to the Egyptian corporate income tax, and this requires important consideration while assessing the reserve required for corporate income tax and there are transactions and adjustments cannot assess their tax impact with accuracy by the normal bank activity. The bank recorded liabilities for the expected differences that may arise from the tax inspection based on assessment which may arise of extra due taxes. And in case the final result for these differences from the amounts recorded, these differences will be considered as corporate income tax and tax reserves for the year specified.

Corporate Income tax:

- The final settlement was made up to 2006. The bank has a credit balance as a result of tax loss carried over for the following periods.
- Years 2007 and 2008 were inspected. Objection was made to the result of inspection and the file is transferred to the appeal committee to study the points of conflict.
- It was agreed in the internal committee on the years 2009/2012. An amount was paid on account until the result of appeal is issued for the years 2007 and 2008 to deduct the carried forward losses.
- Years 2013 and 2014 were inspected. Objection was made to the result of inspection and the file is transferred to the appeal committee to study the points of conflict.

Tax on earnings

- Final settlement was made until 2012.
- Inspection of the years 2013 and 2014 is currently under process.

Stamp duty tax

- Final settlement was made until 2002.

Periods from January 1, 2003 to July 31, 2006 were inspected. Objection was made to the result of inspection and the file is transferred to the appeal committee to study the points of conflict.

- Periods from August 1, 2006 to March 31, 2013 were inspected. Tax amount was agreed based on the agreement signed between the Federation of Egyptian Banks and the Public Taxes Authority in December 2015, according to the re-inspection and pending assessment forms.
- Periods from April 1, 2013 to 31 December 2015 are currently inspected.

Sales tax

- The position was settled with the Tax Authority until 2013, there is no obligation due from the bank, and inspection is under process.

36. Mutual funds

Mutual funds

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

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

The fund is managed by EFG Hermes Investment Funds Management. The Fund's number of outstanding investment certificates reached 10 million certificates at a total value of EGP 100 million, of which 500 thousand certificates (with value of EGP 5 million) were allocated to Bank Audi S.A.E to undertake the Fund's activities.

The Bank has purchased 500 thousand certificates amounting to EGP 5 million, redeemable value of which amounted to EGP 9,698,015 at 31 December 2016, and the redeemable value of a single certificate is EGP 19.39603. The Fund's outstanding certificates at the same date reached 15,779,837 certificates.

On July 15, 2014; the Central Bank of Egypt approved to increase the Fund's capital to reach 110 million certificates by value of EGP 1,100 million, as well as increasing the Bank's contribution value to the capital of this fund to reach EGP 22 million according to Article No. (150) of the Executive Regulations of Capital Market law No.95 for the year 1992, which stipulates that "The maximum limit of money invested in the Fund shall not exceed fifty times its capital, which in turn must not be less than EGP five million, paid in cash".
The contribution of the Bank at 31 December 2015 amounted to 1.68% of the total issued certificates at that date.

According to the management agreement and the fund's prospectus, Bank Audi shall receive fees and commissions for the supervision and other administrative services provided by the Bank to the Fund. The total commissions were EGP 1,524,119 for the year ended31 December 2016, and were reported within "fees and commissions income" in the statement of income.

B.Bank Audi Monetary Mutual Fund "Ezdhar" in EGP with daily accumulated interests and variable periodic interest

The Fund is managed by Acumen Co. for the establishment and management of the portfolios of securities and mutual funds. The Fund's total number of outstanding investment certificates at 31 December 2016 reached 250 thousand at a total value of EGP 25 million; out of which 50 thousand certificates (with value of EGP 5 million) were allocated to the Bank to undertake the Fund's activities.

The Bank has purchased 50 thousand certificates amounting to EGP 5 million, redeemable value of which amounted to EGP 6,828,675 at 31 December 2016, and the redeemable value of a single certificate amounted to EGP 136.5735. The Fund's outstanding certificates at the same date were 96,282 certificates.

According to the management agreement and the Fund's prospectus, Bank Audi shall receive fees and commissions to for supervision and other administrative services provided by the Bank to the Fund. The total commissions were EGP 52,845 for the year ended 31 December 2016, and were reported within "fees and commissions income" in the statement of income.

37. Translation

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

05 PEOPLE

OUR TREASURE IS PEOPLE THAT WE MEET ALONG THE WAY

EXECUTIVE MANAGEMENT	
Mr. Hatem A. Sadek	Non-Executive Chairman since March 2017 Chairman & Managing Director since May 2006 until March 2017
Mr. Mohamed A. Fayed	CEO & Managing Director since March 2017 Deputy Chairman & Managing Director since October 2014 until March 2017
Mr. Mohamed M. Bedeir	Deputy CEO & Chief Banking Services Officer since May 2016 Several Positions since January 2007 – Last was Bank CFO

BUSINESS LINES

Mr. Sherif Sabry	Acting Chief Corporate Banking Officer (From May 2017) Tel: +202 35343662 Email: sherif.sabry@banqueaudi.com			
	Mr. Tamer Mostafa	General Manager Head of Commercial Banking Tel: +202 35343633 Email: Tamer.Mostafa@banqueaudi.com		
		Mr. Amr Mehesen	Assistant General Manager Commercial Group Head Tel: +202 35343665 Email: Amr.Mehesen@banqueaudi.com	
	Mr. Mohamed Sabry	Deputy General Manager Deputy Head of Corporate & Head of Syndication & Structure Finance Tel: +202 35343361 Email: Mohammed.Adly@banqueaudi.com		
	Mr. Tamer El-Oraby	Deputy General Manager Deputy Head of Corporate Banking Tel: +202 35343367 Email: Tamer.El-Oraby@banqueaudi.com		
	Mr. Amr Kamal	Executive Manager Tel: +202 35343922 Head of SMEs Banking Email: Amr.Kamal@banqueaudi.com		
	Mr. Tamer Mounir	Assistant General Manager Head of Corporate Banking Alexandria & Delta Region Tel: +203 4193778 Email: Tamer.Mounir@banqueaudi.com		
	Mr. Mohamed Kilany	Executive Manager Head of Global Transaction Services (GTS) Tel: +202 35343741 Email: Mohamed.Kilany@banqueaudi.com		
	Mr. Mohamed Afifi	Assistant General Manager Head of Business Development Tel: +202 35343488 Email: Mohamed.Afifi@banqueaudi.com		

Mr. Mohamed Latif	Chief Institutional & Islamic Banking Officer Tel: +202 35343498 Email: Mohamed.Latif@banqueaudi.com			
	Mr. Ayman Khattab	General Manager Head of Financial Institutions Tel: +202 35343417 Email: Ayman.Khattab@banqueaudi.com		
		Ms. Rasha Abdel-Rassoul	Executive Manager Head of Correspondent Banking Tel: +202 35343499 Email: Rasha.Abdel-Rassoul@banqueaudi.com	
		Mr. Hesham El-Zahaby	Senior Manager Head of Non-Banks FI Tel: +202 35343714 Email: Hesham.El-Zahaby@banqueaudi.com	
		Mr. Hossam Shehab	Manager Head of Programs & Multilateral Relationships Tel: +202 35343593 Email: Hossam.Shehab@banqueaudi.com	
	Mr. Mohamed Hassan	Deputy General Manager Head of Islamic Banking Tel: +202 35343519 Email: Mohamad.Hassan@banqueaudi.com		
		Mr. Mohamed Attia	Executive Manager Head of Islamic Products Tel: +202 35343888 Email: Mohamed.Attia@banqueaudi.com	
		Mr. Sherif Saad	Senior Manager Head of Islamic Branches Tel: +202 33865056 Email: Sherif.Saad@banqueaudi.com	
	Mr. Mahmoud Aransho	Senior Manager Head of Capital Markets & Investments Tel: +2 02 35343561 Email: Mahmoud.Aransho@banqueaudi.com		
		Mr. Mohamed Ramadan	Senior Manager Assistant Product Manager Tel:+2 02 35343897 Tel: Mohamed.Ramadan@banqueaudi.com	
	Ms. Heba Gaballa	Deputy General Manager Head of Marketing, Communications & CSR Tel: +202 35343351 Email: Heba.Gaballa@banqueaudi.com		

	Ms. Manal El Semin		Executive Manager Head of Public Relations Tel: +202 34353391 Email: manal.elsemin@banqueaudi.com
Ms. Mariam Elsamny			Chief Consumer & Delivery Channels Banking Officer (From May 2017) Tel: +202 34353580 Email: Mariam.ElSamny@banqueaudi.com
	Mr. Amr Nossair		Deputy General Manager Acting Head of Retail Banking Tel: +202 35343646 Email: Amr.Nossair@banqueaudi.com
		Mrs. Iman Badr	Assistant General Manager Head of Retail Assets and E-channels Tel: +202 35343670 Email: Iman.Badr@banqueaudi.com
		Mrs. Doaa Zaki	Assistant General Manager Head of Premiere Services Tel: +202 35343700 Email: Doaa.Zaki@banqueaudi.com
		Mr. Hany Fahim	Assistant General Manager Head of Mortgage Finance Tel: +202 35343655 Email: Hany.Fahim@banqueaudi.com
		Mrs. Marwa Ismail	Assistant General Manager Head of Retail Support Tel: +202 33333388 Email: Marwa.Ismail@banqueaudi.com
		Mr. Bassem Samir	Assistant General Manager Head of Sales Tel: +202 24006421 Email: Bassem.Tawadros@banqueaudi.com
	Mr. Mohamed Labib		General Manager Head of Branch Network Tel: +202 23904866 Email: Mohamed.Ahmed@banqueaudi.com
Mr. Mostafa Gamal			Senior General Manager Head of Treasury & Capital Markets Tel: +202 35343528 Email: Mostafa.Gamal@banqueaudi.com
	Mr. Ahmed Khallaf		Deputy General Manager Deputy Head of Treasury & Capital Markets Tel: +202 35343524 Email: Ahmed.Khallaf@banqueaudi.com
	Mr. Ahmed Osama		Assistant General Manager Head of Fixed Income & Money Market Desk Tel: +202 35343522 Email: ahmed.osama@banqueaudi.com

RISK FUNCTIONS		
Mr. Afdal Naguib	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. Helal Omar	Chief Non-Banking Service Officer	
Mr. Mohamed Shawky	General Manager Chief Financial Officer	
Mr. Khaled Beshir	General Manager Head of Operations	
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&PMO	
Mrs. Nevine El Mahdy	Assistant General Manager Head of Service Excellence	
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	

06 NETWORK

IT'S A BIG WORLD WE NEVER STOP EXPLORING…

Branch Locations by Governorate

Cairo Governorate

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

Branch Name Abbassia Branch
Address 109 Abbassia Street
Tel (20-2) 24871906 - 24871908
Fax (20-2) 24664453

Branch Name Abd El-Khalek Tharwat Branch
Address 42 Abd El-Khalek Tharwat Street, Downtown
Tel (20-2) 23910638 -23910752
Fax (20-2) 23904162

Branch Name Beirut Branch
Address 54 Demeshk Street, Heliopolis
Tel (20-2) 24508610
Fax (20-2) 24508653

Branch Name El-Manial Branch
Address 90 El Manial Street
Tel (20-2) 23629935-23629955
Fax (20-2) 23630099

Branch Name El-Obour City Branch
Address Golf City, El-Obour City, Shops 43,44,45
Tel (20-2) 46104325-44828308
Fax (20-2) 46104324

Branch Name Garden City Branch
Address 1 Aisha El Taymorya Street, Garden City
Tel (20-2) 27928975-27928976
Fax (20-2) 27928977

Branch Name Makram Ebeid Branch
Address 1 Makram Ebeid Street, Nasr City
Tel (20-2) 23520160
Fax (20-2) 22726755

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

Branch Name Mokattam Branch
Address Plot # 6034; Street 9, Mokattam
Tel (20-2) 25053634
Fax (20-2) 25057566

Branch Name Nady El-Shams Branch
Address 17 Abdel Hamid Badawy Street
Tel (20-2) 21804942
Fax (20-2) 26210945

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

Branch Name Shoubra Branch
Address 128 Shoubra Street, Shoubra
Tel (20-2) 22092482
Fax (20-2) 22075779

Branch Name Triumph Branch
Address No. 8, Plot 740, Othman Ibn Affan Street with Mohamed Adly Kafafi
Tel (20-2) 27740220
Fax (20-2) 26424900

Branch Name Degla Branch – Maadi
Address 1-B 256 Street; Degla
Tel (20-2) 25162044
Fax (20-2) 25162017

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

Branch Name Zamalek Branch
Address 1B Hassan Sabry Street, Zamalek
Tel (20-2) 27375001 - 2/3/4/5
Fax (20-2) 37483818

Branch Name Marghany Branch
Address 100 Marghany Street, Heliopolis
Tel (20-2) 24157291

Branch Name	Tayaran Branch
Address	40 El Tayaran Street, Nasr City
Tel	(20-2) 24048619
Branch Name	Madinaty Branch
Address	Block No. 6, Banking Area, Madinaty project, New Cairo
Branch Name	5th settlement Branch
Address	Phase One, Waterway Compound, Block CFS4-CGS4 El Mostathmreen El Shamaleya, New Cairo
Tel	(20-2) 24508633
Fax	(20-2) 34782133

Giza Governorate

Branch Name	Dokki Branch - Main
Address	104 El Nile Street, Dokki
Tel	(20-2) 37987853
Fax	(20-2) 37483818
Branch Name	El Batal Ahmed Abdel Aziz
Address	44 El Batal Ahmed Abdel Aziz Street, Mohandessin
Tel	(20-2) 37480266
Branch Name	Haram Islamic Branch
Address	42 El-Haram Street, El Haram
Tel	(20-2) 33863807
Fax	(20-2) 33865103
Branch Name	Lebanon Branch
Address	60 Lebanon Street (Lebanon Tower), Lebanon Square, Mohandessin
Tel	(2-02) 33026436
Fax	(2-02) 33026454
Branch Name	Tahrir Street Branch
Address	94 Tahrir Street, Dokki
Tel	(20-2) 37485487
Fax	(20-2) 37486310
Branch Name	Pyramids Heights Branch
Address	Pyramids Heights Office Park, Km 22 Cairo-Alexandria Desert Road
Tel	(20-2) 35362053
Fax	(20-2) 35362053
Branch Name	Sixth of October Branch
Address	Plot # 2/23 - Central District, Sixth of October
Tel	(2-02) 38353785
Fax	(20-2) 38353780

Branch Name	Shooting Club Branch
Address	13 Nadi El Seid Street
Tel	(20-2) 37486546
Fax	(20-2)37486546
Branch Name	Mossadak Islamic Branch
Address	56 Mossadak Street, Dokki
Tel	(20-2) 33373604
Fax	(20-2) 37480242
Branch Name	El Sheikh Zayed Branch
Address	B3, Capital Business Park, Units 101-102. ,El Sheikh Zayed
Tel	(202) 38653551 /2/3
Fax	(202) 38653551

Alexandria Governorate

Branch Name	El Sultan Hussein Branch
Address	38 El Sultan Hussein Street
Tel	(20-3) 4782132/3/4/6/7/8
Fax	(20-3) 37480242
Branch Name	Gleem Branch
Address	1 Mostafa Fahmy Street, Gleem
Tel	(20-3) 5825546
Fax	(20-3) 5825866
Branch Name	Smouha Branch
Address	35 (Repeated) Victor Emmanuel Square
Tel	(20-3) 4233679
Fax	(20-3) 4244510
Branch Name	Alexandria Downtown Branch
Address	Villa 1- Miroza Resort-Alexandria-Cairo Desert Road
Tel	(20-3) 3681369
Fax	(20-3) 3681377
Branch Name	Miami Islamic Branch
Address	379 Gamal Abdel Nasser Street, Miami
Tel	(20-3) 5485312
Branch Name	San Stefano Branch
Address	413, El-Gaish Road, Loran
Tel	(20-3) 58 59719
Fax	(20-3) 58 597 90

Daqahlia Governorate

Branch Name	Mansoura Branch
Address	26 Saad Zaghloul Street, Toreil
Tel	(20-50) 2309783
Fax	(20-50) 2309782

Gharbia Governorate

Branch Name	Tanta Branch
Address	Intersection of El-Geish Street & El-Nahda Street
Tel	(20-40) 3403307
Fax	(20-40) 3403100

Sharkiya Governorate

Branch Name	Zagazig Branch
Address	95 Saad Zaghloul Street, Zagazig, El Sharkiya
Tel	(20-55) 2369783

Damietta Governorate

Branch Name	Damietta Branch
Address	49, Nile Cornish Street, Meat Mansion, Damietta
Tel	(20-57) 2367030
Fax	(20-57) 2367040

Port Said Governorate

Branch Name	Port Said Branch
Address	27A, 23rd of July Street & Qaitbay, El Sharq District
Tel	(20-66) 3239930
Fax	(20-66) 3239935

Assuit Governorate

Branch Name	Assuit Branch -Assuit
Address	Commercial Room Building, Mahmoud Fahmy Street, Assuit
Tel	(20-88) 2286124
Fax	(20-88) 2286126

Red Sea Governorate

Branch Name	El Gouna Branch
Address	Service Area # Fba-12e, El Balad District
Tel	(20-65) 3580096
Fax	(20-65) 3580095
Branch Name	Sheraton Road Branch - Hurghada
Address	23 Taksim El Hadaba El Shamaleya, 167 Sheraton Road
Tel	(20-65) 3452020 - 3452015/6/8/9
Fax	(20-65) 3452015

South Sinai Governorate

Branch Name	Naema Bay Branch - Sharm El-Sheikh
Address	207 Rabwet Khaleeg Naema
Tel	(20-69) 3604514
Fax	(20-69) 3604520

Call Centre 16555
ATM Locations by Governorate

ATM Name	Address
Cairo Governorate	
Al Ahram Newspaper	Al Ahram Building: El-Galaa Street, Cairo
Mokattam Branch	Plot # 6034, Street 9, Mokattam, Cairo
Wadi Degla Club	Wadi Degla Club – Maadi, Cairo
Makram Ebeid Branch 1	1 Makram Ebeid Street, Nasr City, Cairo
Makram Ebeid Branch 2	1 Makram Ebeid Street, Nasr City, Cairo
ExxonMobil Hassan El Maamoun	6th Hassan El Sherif (Hassan El Maamoun) Street, Nasr City, Cairo
On the Run JW Marriot	Ring Road - El-Nour Station, Cairo
On The Run El-Tagamoa El Khames	Behind Courts Complex- El-Tagamoa El Khames, New Cairo
Beirut Branch	54 Demeshk Street, Heliopolis, Cairo
Kheir Zaman Takaa	Plot No. 14, Block 6, Area 11, Nasr City, Cairo
On The Run Roxy	72 El Khalifa El Maamoun Street, Heliopolis, Cairo
Shoubra Branch	128 Shoubra Street, Shoubra, Cairo
Nady El Shams Branch	17 Abdel Hamid Badawy Street, Heliopolis, Cairo
Masaken Sheraton Branch	11 Khaled Ibn El-Waleed Street, Masaken Sheraton, Cairo
On The Run Rehab City	Gate 13 - Rehab City, Cairo
ExxonMobil Autostrad	Behind Masaken Sheraton, Nasr City, Cairo
Degla Branch	1-B, 256 Street, Degla, Maadi, Cairo
ExxonMobil Farid Semeka	Farid Semeka Street Heliopolis – Near to El Shams Club, Cairo
Abbassia Branch	109 Abbassia Street, Cairo
General Company for Silos and Storage (Sawameh)	1 Sawah Square, Saray El Koba, Cairo
El Obour City Branch	Golf City, Obour City, Shops 43,44,45
Exxon Mobil – Gesr El Suez	19 Beginning of Cairo-Ismailia Road in front of El Herafeyeen City
Triumph Branch	No. 8, Plot 740, Othman Ibn Affan Street with Mohamed Adly Kafafi, Heliopolis, Cairo
On The Run El Nozha	66 El Nozha Street, Almaza, Cairo
El Manial Branch	90 El Manial Street, Cairo
On the Run El Manial	59 El Manial Street, Cairo
Tharwat Branch	42 Abdel Khalek Tharwat Street, Cairo
Salah Salem Branch	Bldg. 15 Salah Salem Street, Cairo
New Maadi Branch	Plot 1, 2 D/5 Taksim El Laselky, New Maadi, Cairo
Abbass El Akkad Branch	70 Abbass El Akkad Street, Nasr City, Cairo
Garden City Branch	1 Aisha El Taymorya Street, Garden City, Cairo
Exxon Mobil El Tagamoaa El Khames (Rear 90th Street)	Rear 90th Street New Cairo 5th Settlement – El Tag-amoa El Khames, New Cairo
Cairo Festival City Mall	Cairo Festival City Mall – El Tagamoa El Khames, New Cairo
Total Madinaty	Cairo – Suez Desert Road - at Entrance 2 Sherouk City
Zamalek Branch	1B Hasan Sabry Street, Zamalek
Total El Lasilky	22 El Lasilki street – New Maadi – beside Metro supermarket, Cairo
Total Autostrad	Autostrad Road – Maadi Degla entrance – beside Torah prison, Cairo
Spinneys Mokattam	361 Street No. 9 – Al Mokattam, Cairo
Swan Lake Compound	Swan Lake – El Tagamoa El Khames (Club House), New Cairo
Marghany Branch	100 Marghany Street, Heliopolis, Cairo
Tayaran Branch	40 El Tayaran Street, Nasr City, Cairo
Tayaran Branch 2	40 El-Tayaran Street, Nasr City, Cairo
Tagamoa Branch (WaterWay)	Phase One, WaterWay Compound, Block CFS4-CGS4 – El Tagamoa El Khames, New Cairo
PickUp Market Zamalek	13 Brazil Street, Zamalek, Cairo
Madinaty Branch	Block No. 6, Banks Area, Madinaty
Carrefour Helwan	41 Rayeel Street, Helwan, Cairo
Nile City Mall	Nile City Mall – Bolak, Cairo
Spinneys Maxim Mall	Piece 23 – El Tagamoa El Khames - Maxim Mall, New Cairo
La Siesta Café	Block 88 – El Shatr 13, Zahraa El Maadi, in front of Dina Farms, Maadi, Cairo
Mini Metro Sheraton	Piece 1174 - Masaken Sheraton - behind Arab Academy, Cairo
B Tech Shoubra	61 Shoubra Street, Cairo
Petromin Nasr City	16 Zaker Husien Street, 9th District, Nasr City, Cairo
Petromin Obour City	Obour City
Carrefour Sun City Mall	Sun City Mall, Nasr Road, Nozha, Heliopolis
Carrefour Obour City	Golf City Mall, Obour City
Carrefour Baron Mall	Baron Mall - Ring Road, Maadi, Cairo
Carrefour Hadayek El Koba	16 Waley El Ahd Street, Hadayek El Koba, Cairo
Giza Governorate	
Haram Branch	42 El Haram Street, Giza
Mosaddak Islamic Branch 1	56 Mossadak Street, Dokki, Giza
Dokki (Main Branch)	104 El Nile Street, Dokki, Giza
ExxonMobil On the Run Dokki	50 Giza Street, in front of Magles El Dawla, Giza
Lebanon Branch 2	Lebanon Tower, 60 Lebanon Street, Lebanon Square, Mohandeseen, Giza
Lebanon Branch 1	Lebanon Tower, 60 Lebanon Street, Lebanon Square, Mohandeseen, Giza
Samcrete	8 El Mansouria Road, El Haram, next to Koki Park
El Batal Ahmed Abdel Aziz Branch	44 El Batal Ahmed Abdel Aziz Street, Mohandeseen, Cairo
Tahrir Branch	94 Tahrir Street, Dokki, Giza
ExxonMobil On the Run Gamet El Dowal	63 Gamet El Dowal Street, Mohandeseen, Giza
UnionAire 1	3rd Industrial Zone piece No. 609, 6th of October
UnionAire 2	3rd Industrial Zone piece No. 609, 6th of October

UnionAire 3	3rd Industrial Zone piece No. 609, 6th of October
6th of October Branch	Plot # 2/23, Central District, 6th of October City
Dar El Mona	Cairo – Alexandria Desert Road, KM 15
Dreamland	Sheraton Dream 6th of October
Hyper One	Extension of Mehwar 26th of July, Entrance of El Sheikh Zayed City
Seoudi Market	In front of Hadayek Mohandeseen Compound gate 9 – El Sheikh Zayed
Seasons Country Club	Cairo – Alexandria Desert Road, KM 17
Spinneys City Scape	6th of October after El Hosery
Pyramids Heights 1	Cairo – Alexandria Desert Road, KM 22
Pyramids Heights 2	Cairo – Alexandria Desert Road, KM 22
Hazem Hassan	Cairo – Alexandria Desert Road, KM 22
Spinney›s Mall of Arabia	Mall of Arabia, 6th of October
Arkan Mall	Arkan Mall, El Shiekh Zayed
Haram City	Tamr Henna Mall, Haram City, Wahat Road, 6th of October
EFG Hermes	Smart Village
Total Marioteya	Al Kom Al Akhdar, Giza
Hyper One 2	Hyper One second Floor
UnionAire 4	3rd Industrial Zone piece No. 609, 6th of October
Zamzam Mall	BUILD 71, El Hay 7, 6th of October
Spinneys - Haram	46 Al-Haram Street, Galaxy – Marioteya, Haram
Shooting Club Branch	13 Nadi El Seid Street, Dokki, Giza
Royal Language School	ElHay 4, Megawra 3 behind El-Madina Trade Center, 6th of October City
Al-Nahar Channel	Egyptian Media Production City (EMPC), October, 6th of October
Saudi Beverly Hills	Kilo 38 Cairo – Alexandria Desert Road - Seoudi Market, Beverly Hills – El Shiekh Zayed
Zayed Branch	First Stage of Capital Project, Units No. 002 and 101, Building B3, Capital Business Park, El Shiekh Zayed
Mini Metro October	26th July Street, in front of Misr University, 6th of October
UnionAire 5	3rd Industrial Zone piece No. 609, 6th of October

Alexandria Governorate

Semouha Branch	35 Victor Emmanuel Square, Alexandria
ExxonMobil Merghem	Merghem, Alexandria – Cairo Desert Road
Miami Branch	4 Street 489, Montaza Division, Alexandria
Gleem Branch	1 Mostafa Fahmy Street, Gleem, Alexandria
Metro Loran	25 & 27 Sarhank Pasha Street, Loran, El Raml Awal, Alexandria
Metro Roshdy – Alex	33B Serya Street, Roshdy, Alexandria
Total Marina	KM 104 Alex – Matrouh Road, Between Marina gates 5 – 6
New El Sultan Hussein Branch	33 Sultan Hussein Street, Alexandria
San Stefano Branch	413 El Geish Road, Alexandria
La Passage - Alex	52 El-Horya Road, El Atareen, Alexandria
Old Sultan Hussein	33 Sultan Hussein Street, Alexandria
Spinneys Semouha	Street 364 – Victor Emmanuel Square, Semouha, Alexandria
Carrefour Green Plaza	Green Plaza Mall, Alexandria
Downtown Alex Branch	Downtown, Alexandria
Carrefour Royal Plaza	Malik Hefni Kebly Street next to Misr T'ameer Towers, Montaza, Alexandria

Daqahlia Governorate

El Mansoura Branch	26 Saad Zaghloul Street, Toreil, El Mansoura
Kheir Zaman El Mansoura	Suez Canal Street, El Nour Building, El Mansoura
Carrefour El Mansoura	Street No. 20, El Mansoura

Gharbia Governorate

Tanta Branch	Intersection of El Geish & El Nahda Streets, Tanta
Metro Tanta	32 Said Street, Couchner Square, Tanta

Red Sea Governorate

El Gouna Branch	Service Area # Fba-12e, El Balad District, Gouna, Hurghada
Bustan El Gouna ATM	El Gouna, Hurghada
Spinneys Senzo Mall	Senzo Mall, Hurghada
Sheraton Road Branch	23 Taksim El Hadaba El Shamaleya, 167 Sheraton Road, Hurghada
Spinneys Hurghada – El Dahar	El Nasr Street, El-Dahar, Hurghada

South Sinai Governorate

Pyramids Mall – Sharm (Om El Sid)	Plot 28 Hadabet Om El Sid, Pyramids Mall, Sharm El Sheikh
Neama Bay Branch	207 Rabwet Khaleeg Neama, Sharm El Sheikh
Carrefour Sharm	Sun Terra mall, 200 El Soor Road, Sharm El Sheikh

Sharkiya Governorate

El Nassagoun El Sharkeyoun 1	Oriental Weavers Factory (10th of Ramadan City)
El Nassagoun El Sharkeyoun 2	Oriental Weavers Factory (10th of Ramadan City)
Zagazig Branch	95 Saad Zaghloul Street, Zagazig, Sharkiya

Monofeya Governorate

Almatex	Sadat City
Egyptian Spinning Company – El Sadat City	Factory 1st Industrial Zone, El Sadat City
Horizon Prima	7th Industrial Zone, El Sadat City
IPI	4th Industrial Zone, El Sadat City
Mini Metro Master	Kilo 106 Cairo – Alexandria Desert Road

Beni Suef Governorate

Hadid El Masryeen Co.	Al Koraymat Road, Heavy Industries Zone, Hadid El Masryeen factory, Beni Suef

Port Said Governorate

Port Said Branch	27 Road July 23rd, El Shark Section, Beside Port Said Governorate Building, Port Said