OUTLINE CONTENT

BOARD OF DIRECTORS' ANNUAL REPORT

BOARD OF DIRECTORS' ANNUAL REPORT

FY ENDED 31 DECEMBER 2016 DEAR SHAREHOLDERS,

We proudly present to you our Board of Directors Report of the banks' activities and business accomplishments for the FY ended 31December 2016, noting the bank's achievement of high growth rates that consolidated our position in the banking sector. Realizing a market share of nearly 3% made SAIB joined the top 10 leading national banks in alignment with the financial statement issued by the Central Bank of Egypt. Among150 banks in the Arab region, SAIB ranked number 33 in terms of return on equity, 68 in terms of customers' deposits and 76 in terms of assets' value according to a study conducted by Al-Iktissad Wal-Aamal, a leading business magazine in the MENA region. The following is a briefing on major Egyptian as well as global economic activities and developments in FY 2016.

EGYPTIAN ECONOMIC HIGHLIGHTS IN 2016

The year 2016 witnessed the declaration of the Economic Reform Program and the consequential unprecedented decision of the the EGP floatation which sustained by the new law of investment, aimed to attract the flow of FDI in 2017. Moreover, the decision would enable investors to easily transfer their yields from the Egyptian market at a unified exchange rate determined by the forces of supply and demand and would also encourage Egyptians working abroad to transfer their remittances through Egyptian banks; consequently this would boost the banks' proceeds of foreign currency.

FY 2016 witnessed the finalization of the IMF USD 12 billion loan to Egypt, which reflects the organization's trust in the future of the Egyptian economy. It will also reinforce the trust of foreign countries as well as other international financial organizations in the ability of the Egyptian economy to fulfill its foreign commitments and strengthens its credit worthiness for future funding.

In 2016, the Central Bank of Egypt (CBE) activated its initiative for the funding of small and medium enterprises (SMEs) at a 5% interest rate for SE and 7% interest rate for ME. This initiative by the CBE aims at curbing the rate of unemployment by creating job opportunities for young graduates in an attempt to foster economic growth as SMEs are considered pivotal for growth in most developed countries.

GLOBAL ECONOMIC HIGHLIGHTS IN 2016

The year itself saw many external surprises. Britain's exit from the European Union necessitates the restructuring of the international agreements with the EU especially that the EU is a major trading partner for Egypt with trade of EU accounting for 24% of the total Egyptian trade volume with the world.

Donald Trump's victory in the American presidential elections and the policies of protectionism he intends to pursue has made the EU and China consider looking for new business partners. This has been a looming opportunity for Egypt to sign a currency swap agreement with China to be settled in Chinese and Egyptian local currencies, the Yuan and the EGP respectively.

The rise in oil prices, in the aftermath of OPEC agreement to cut down on production, will lead to an increase in the disbursement of oil imports from USD 9.2 billion in FY 2015/2016 to USD 10.2 billion in FY 2016/2017. On the other hand, there will be an increase in the proceeds of oil exports from USD 5.67 billion in FY 2015/2016 to USD 5.90 billion in FY 2016/2017.

BALANCE SHEET AS OF 31 DECEMBER 2016

The financial statements were prepared in accordance with the basis of presentation and preparation of financial statements of banks as well as the foundations of recognition and measurement approved by the CBE on 16 December 2008 and in light of prevailing Egyptian current laws. The financial statements were audited by external auditors in accordance with Egyptian auditing standards and in light of prevailing Egyptian laws. In the auditors' unreserved opinion, such financial statements represent fairly and truly, in all material respects, the bank's financial position as of 31 December 2016, as well as its financial performance and cash flows for the year then ended. Despite the apparent drop of 33% in the total balance sheet as of 31 December 2016 compared to that of 31 December 2015 is due to the EGP floatation from (7.33 EGP/ USD) on 31 December 2015 to (18.27 EGP/USD) on 31 December 2016 with a rise of about 149% , however it had a positive effect when converting the bank's figures to EGP, which amounts to 62% of the total balance sheet. That means the bank's balance sheet improved by the end of 2016 compared to 2015.

INCOME STATEMENT FOR THE FY ENDED 31 DECEMBER 2016

The net realized profit as of the FY from 1 January, 2016 to 31 December, 2016 amounted to USD 49 million compared to USD 43 million in the previous year realizing an increase of USD 6 million (around 14%). The increase in the net profit this year compared to last year's is attributed to the optimum use of the bank's resources, the diversification in the banking services, liquidity management and market monitoring, which led to the following:

- An increase in the operating income by USD 16 million with a growth rate of 9%
- A decrease in administrative, operating expenses and impairment expenses of USD 2 million with a drop by 3%
- An increase in income taxes on Egyptian treasury bills and bonds by USD 12 million due to the increase in the yield of the Egyptian treasury bills and bonds, which amounted to USD 452 million in 2016, compared to USD 393 million in the previous year.
- The net profit available for distribution amounted to USD 51.6 million in 2016 compared to USD 41.3 million in the previous year recording an increase of USD 10.3 million with a growth rate of 25%. This increase was due to the increase in net profit in 2016 compared to that in 2015, in addition to decreasing the general banking risk reserve according to 4 th quarter provisions analysis ended by 31December 2016.

SAIB'S NEW BRANCHES

In alignment with the Board of Directors strategic plan for horizontal expansion and the increase in the branches network to reach 40 branches by the end of 2017, SAIB inaugurated three new branches: in Manial and the Fifth Settlement (Cairo) and Loran (Alexandria) in 2016 to reach 33 branches in total. The rest of the branches will be inaugurated consecutively in 2017 to expand the bank's activities and reach a larger number of customers with different market segmentation. The opening of the new branches in different areas will increase both the bank's customer base and market share while reducing customer concentration.

HUMAN RESOURCES AND CORPORATE COMMUNICATION

The human factor is the vital force for any corporate progress. Hence, SAIB spared no effort to support the technical performance of its staff and increase their skills through internal and external training programs. This is implemented according to a comprehensive plan covering all employee levels in order to provide the best banking services to our customers according to the 2016 specialized skills development plan.

INFORMATION TECHNOLOGY DEVELOPMENT

In order to support SAIB's expansion and its development plans in providing quality banking services and to ensure the continuity of the banks' business operations, the board authorized upgrading plans for the IT infrastructure both in data and communications centers. The bank has now three data centers connected through fiber –optic cables to ensure the continuity of the bank's operations.Much effort was channeled in 2016 into several IT initiatives such as electronic card issuance and management systems, the increase in the number of ATMs, E-Banking services and Customer Relationship Management systems. Moreover, investments were made in the latest data security systems, services provided to customers in order to keep confidentiality and provide more secured authentication mechanisms. The total investments in developing and upgrading the information technology systems amounted to USD 3.3 million in 2016.

CORPORATE SOCIAL RESPONSIBILITY

Social responsibility has always been a deep- rooted culture in SAIB's philosophy and strategy. Believing in the importance of our role to support and assist in the development of the Egyptian society, SAIB has contributed to several areas and fields in 2016. Our bank contributed to Al Asmarat Housing project. SAIB made major contributions in the health sector by donating to the Breast Cancer Foundation of Egypt, National Cancer Institute, Ahl Masr Burns Hospital and Al Kasr El Aini Kidney Diseases and Transplant Center.

Finally, we would like to thank our respected board members for their active participation in supporting the bank's management, and all employee levels for their efforts and dedication to work.

Chairman and Managing Director
Mohamed Naguib Ibrahim

Vice Chairman and Managing Director
Hassan Abdel Meguid

CORPORATE GOVERNANCE

SAIB seeks to be one of the leading institutions in implementing the rules of Corporate Governance (CG) requirements. In our pursuit of strategic growth, CG remains the beacon guiding our road to value creation while protecting all our stakeholders. Incorporating a culture of Compliance within our strategies is the platform of our CG program.

SAIB's Board of Directors promotes integrity and ethical behavior via "leading by example", and plays the key role in endorsing our bank strategy, developing directional policy, appointing, supervising and remunerating Senior Executives, and ensuring the bank's accountability to its investors and authorities.

Our comprehensive code of conduct asserts and provides a guide to sustaining and maintaining an ethics-driven community.

SAIB encourages the active involvement of different shareholders through continuous effective communication.

Accountability is key to our corporate governance policy, holding those in power accountable for their actions. To ensure accountability, our Board composition ensures diversity, Chairman and vice chairman duties are separated, ensuring dispersion of authority and fostering a culture of full disclosure to build trust.

SAIB' s CG framework rests on solid pillars represented in our prominent Board Of Directors and Senior Management, Internal Control matrix (Compliance, Risk and Internal Audit) and our commitment to transparency and disclosure.

SAIB bank adheres to the Central Bank of Egypt's guidance and regulations of effective Corporate Governance practices to ensure the well-being of the Banking Sector and the Egyptian economy as a whole.

CORPORATE GOVERNANCE FRAMEWORK

SAIB's Corporate Governance (CG) framework plays an important role in helping our Board Members gain a better vision for their oversight role. SAIB's CG framework contributes to effective governance and provides a well-founded construct for evaluating how management's performance fits with the board's oversight responsibilities. The key players to SAIB's risk-management are: 1) Board of Directors (BOD), who is responsible for oversight and setting the tone at the top of the hierarchy ; 2) Executive Management, who is responsible for driving governance and risk practices throughout the bank; and 3) the Business Units, supporting functions and internal control Matrix. SAIB's CG framework helps define the role of the Board and Management, delineates duties, and helps prevent duplicated efforts and oversight of critical issues. It assists with the execution of the Board's core processes by providing structure to policies and tools. This allows the board to focus on the proper issues and prioritize its limited time and resources.
In addition, SAIB's CG framework provides the Board with a structured method process to collaborate with management on major issues faced by the bank with minimal risk of confusion and loss of productivity. It also clarifies each Board Committee's role in fulfilling the board's objectives from a governance perspective. SAIB's CG framework offers an end-to-end view of Corporate Governance. It forms the basis that helps BOD and executives identify opportunities to improve effectiveness and efficiency. SAIB's Corporate Governance (CG) framework plays an important role in helping our Board Members gain a better vision for their oversight role.

COMPLIANCE

"Continuous global and local market changes and fluctuations have overwhelmed the business environment. SAIB Compliance recognizes its key role to safely navigate the Bank in such turmoil. Its robust role further enhances the capabilities, efficiency and effectiveness of the Bank Corporate Governance. SAIB's Compliance function aims to ensure proper understanding and implementation of local laws, International regulations pertaining to SAIB's existence and operation. Promoting Compliance culture; where all of SAIB's crew members on-board have full awareness of non-compliance risks inherently associated with Business operations, is a core responsibility assumed by the Compliance function.

SAIB Compliance team has taken major proactive efforts to redesign its Compliance program (CP) in order to hedge SAIB's Business growth strategy in such a challenging environment, providing permanent guidance, oversight and continuous monitoring of the various and detailed requirements of regulatory authorities on the national and international levels, thus mitigating non-compliance risks.

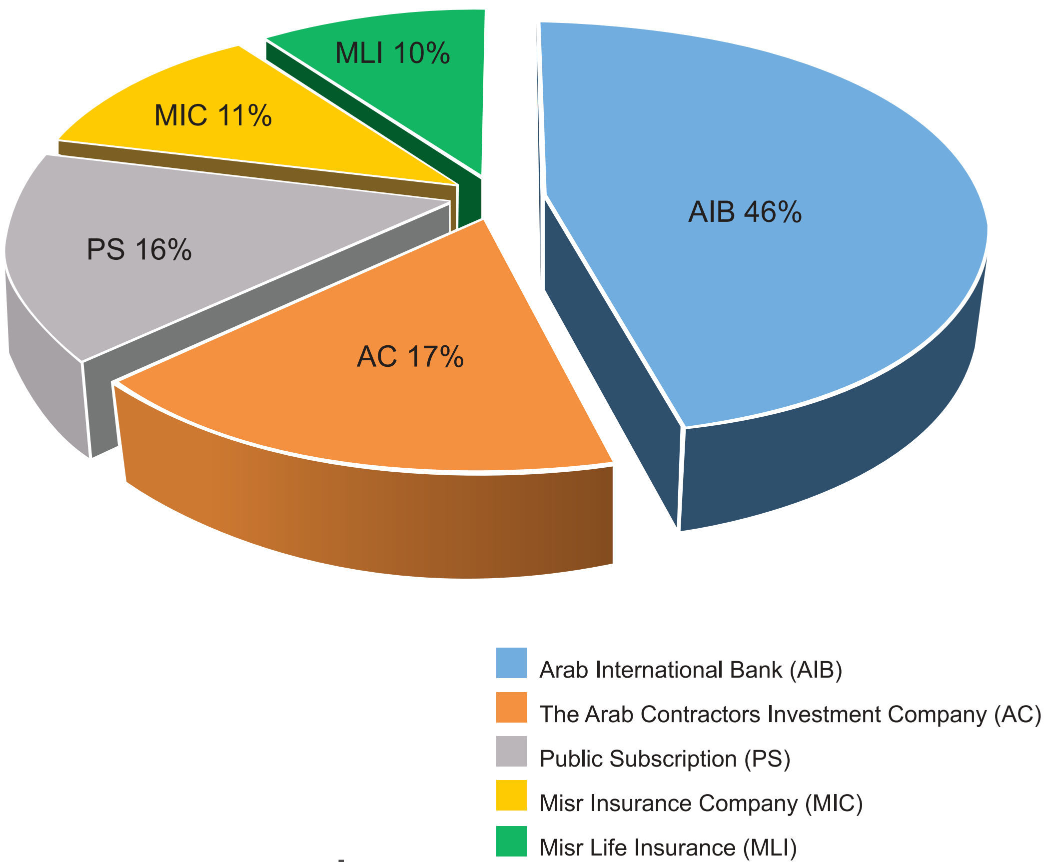
The platform for designing SAIB's Compliance Program (CP) is the sense of responsibility the BOD and Senior Management share to protect shareholders' reputational and financial assets .The compliance culture permeates the entire organization, without exception, the Board and Senior Management empower and resource individuals who have responsibilities to mitigate risks and build organizational trust. Promoting a culture of integrity is central to SAIB's Compliance program. SAIB's CP is designed based on a risk-based approach, thus allocating Bank resources in alignment with the associated risks and serving as a critical tool for the allocation of scarce resources. Ongoing robust monitoring and testing serve as the CP's tools to managing non-compliance risks and assuring the effectiveness of the control environment. Hence, ensuring that all polices and controls in place are understood and executed. A spirit of ongoing testing and monitoring is embedded to reinforce desired outcome and remediate negative ones.

SAIB compliance team oversees the management of non-compliance and reputational risks, develops training and communication strategies, builds comprehensive databases, and assesses data analytics, sets policies and procedures for record-keeping, transaction monitoring and reporting, sanctions and embargoes ,AML/CTF, Customer KYC and due diligence.Furthermore,to continue to foster our Compliance and mitigate non-compliance risks, an enhanced due diligence process is applied to manage and maintain SAIB's correspondent relationships network. Working with esteemed reputable counterparties is an indispensable valuable asset for our Bank's reputation and strategic compliance.

SHAREHOLDERS STRUCTURE

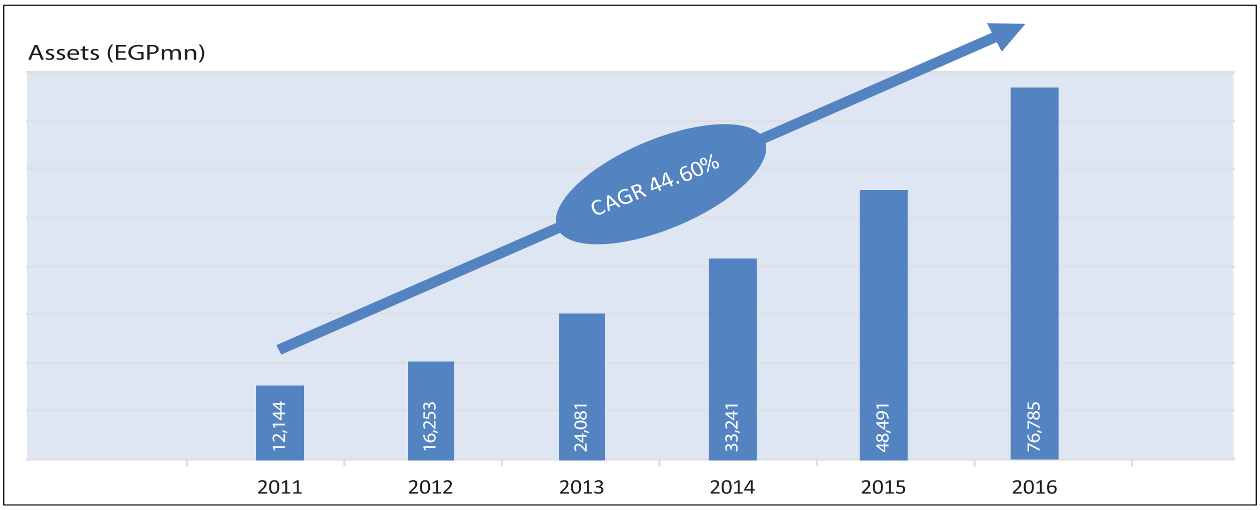
Société Arabe Internationale de Banque was established on the 21st of March, 1976, as one of the first joint Arabian banks working in Egypt to abide by the provisions of the investment law 43 of the year 1974, which was amended in accordance with the investment laws 230/1989 and 8/1997.
SAIB's issued and paid-up capital has increased from 4 mn USD in 1978 to currently reach 150 mn USD dollars distributed over 15 million shares, par nominal value of 10 USD/share, while the authorized capital amounts 200 mn USD

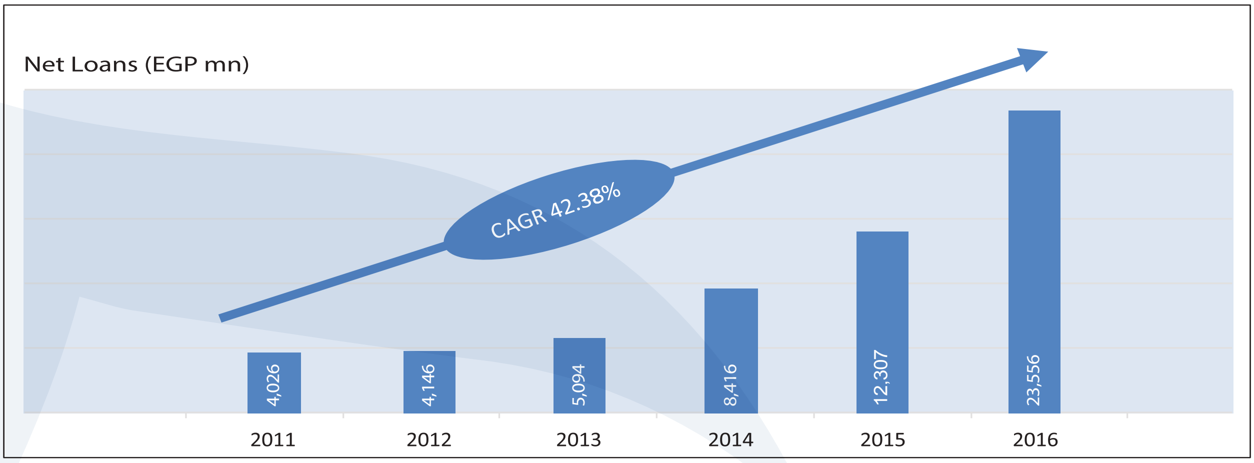
SHARES ARE DISTRIBUTED AS FOLLOWS:



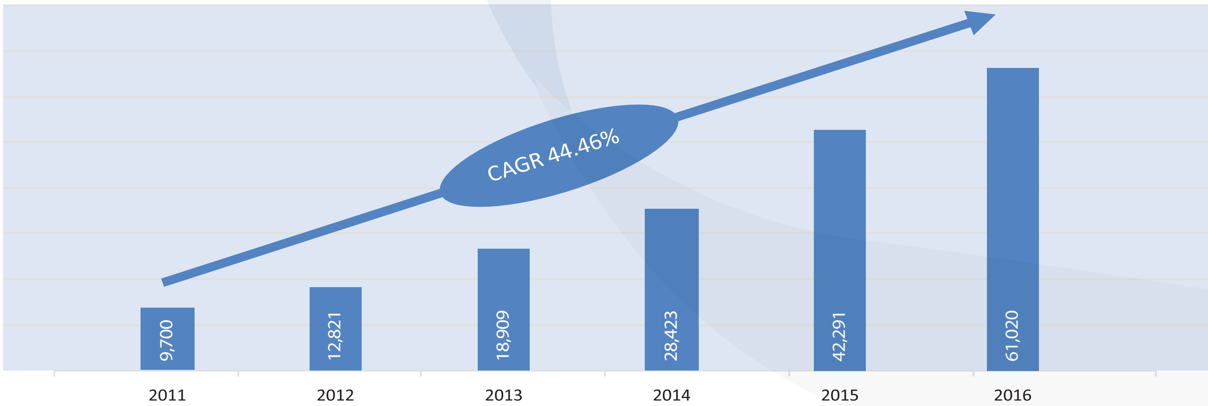
PERFORMANCE HIGHLIGHTS 2011 - 2016

	2011	2012	2013	2014	2015	2016	2016 - 2015 %
Balance Sheet and Income Statement (1000)	USD	USD	USD	USD	USD	USD	USD
Total Assets	2,013,284	2,572,044	3,470,553	4,655,475	6,273,000	4,203,582	-32.99%
Net Customers' Loans	667,504	656,139	734,141	1,178,725	1,592,130	1,289,561	-19.00%
Customers' Deposits	1,608,038	2,028,901	2,725,151	3,980,706	5,470,982	3,340,566	-38.94%
Shareholders Equity	207,567	211,571	218,857	223,782	229,097	258,404	12.79%
Net Interest Income	52,733	65,929	77,181	91,747	140,607	165,094	17.42%
Gross Income	67,256	81,871	95,132	114,156	169,303	192,615	13.77%
Pre-provision profit	30,693	51,022	60,750	76,989	125,931	131,170	4.16%
Profit from continuing operations	28,531	43,963	59,448	72,547	115,471	133,013	15.19%
Net Profit	20,866	28,152	30,839	34,646	42,991	48,523	12.87%
Ratios (%)							
ROAE	10.15%	13.43%	14.33%	15.65%	18.99%	19.91%	0.92%
ROAA	1.06%	1.23%	1.02%	0.85%	0.79%	0.93%	0.14%
ROAC	13.91%	18.77%	20.56%	23.10%	28.66%	32.35%	3.69%
Tier I ('000 EGP)	N/A	924,542	1,518,000	1,590,845	1,752,710	4,166,921	137.74%
Capital Adequacy (Basel II Ratio)	N/A	10.25%	15.39%	12.40%	12.26%	16.88%	4.62%
Net Loans -to - Deposits	41.51%	32.34%	26.94%	29.61%	29.10%	38.60%	9.50%
Non-performing Loan (NPL) ratio	6.85%	7.28%	3.92%	2.27%	1.44%	0.57%	-0.87%
NPL coverage	86.50%	83.40%	73.70%	77.36%	76.91%	57.12%	-19.79%
Other Figures							
Regular Workforce Headcount	919	956	988	1033	1073	1139	6.15%
Customer Base	21,963	29,164	40,398	45,260	52,938	60,115	13.56%
Number of Branches	22	21	22	25	28	33	18%

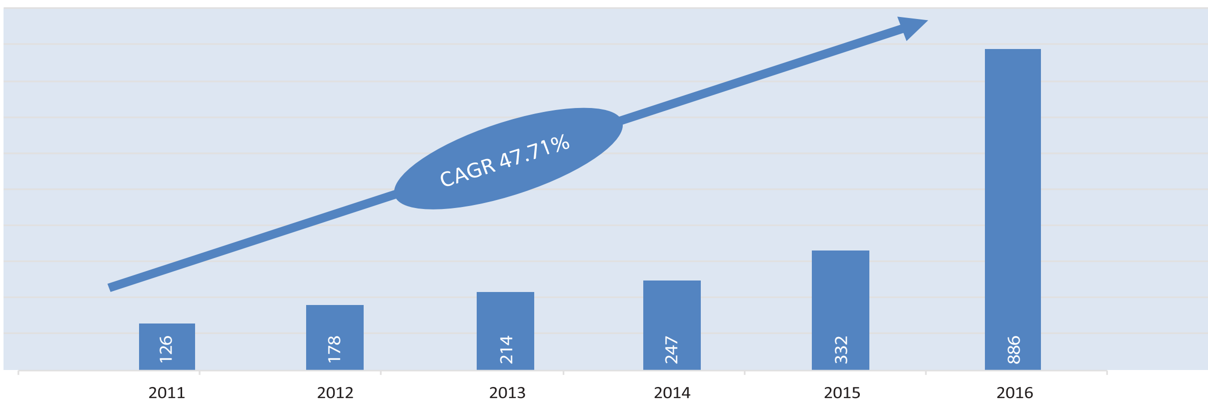

Assets (EGPmn)
CAGR 44.60%
12,144
16,253
24,081
33,241
48,491
76,785
2011
2012
2013
2014
2015
2016


Net Loans (EGP mn)
CAGR 42.38%
4,026
4,146
5,094
8,416
12,307
23,556
2011
2012
2013
2014
2015
2016

Customers Desposits (EGPmn)



Net Profit (EGPmn)



BOARD OF DIRECTORS 2016

SAIB BOARD OF DIRECTORS

Mr.Mohamed Naguib
Chairman & Managing Director

Mr.Naguib has more than 35 years of extensive experience in the banking & finance industry at both operational & managerial levels, during which he assumed several senior leadership positions. Mr. Naguib was Vice Chairman of Banque Misr, Board Member & Head of Risk Management at National Bank of Egypt, Managing Director of International Company for Leasing (Incolease), and General Manager of Credit & Risk Management at MIBank. Mr. Naguib is currently a Board Member of various distinguished institutions in Egypt. Furthermore, Mr. Naguib had the honor of lecturing on Banking Management & Credit Analysis at the American University in Cairo for several years. He also contributed in amending the Egyptian Financial Leasing Law and further introducing its provisions at the economic committee of the Egyptian Parliament.

Mr.Hassan Abdel Meguid
Vice Chairman & Managing Director

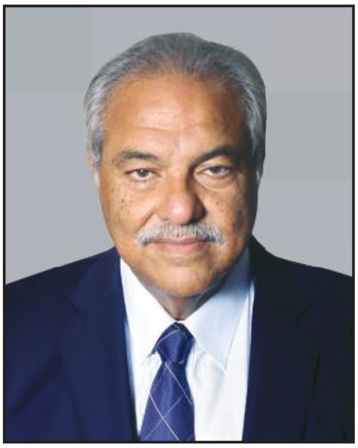
Mr.Abdel Meguid is the Vice Chairman & Managing Director responsible for fulfilling the bank's strategy through the development of executive plans that ensure efficient resources management. He has over 35 years of experience in the banking sector, during which he assumed numerous executive positions in several banks, starting with the Arab African Int'l Bank in 1975 where he joined the International Investment and Finance Division, followed by the Credit International d'Egypte Bank in 1978. Mr. Abdel Meguid then joined MIBank (1981 - 1999). Prior to joining SAIB Bank as the Executive General Manager in 2004, he was the General Manager of Credit and Marketing at the United Bank of Egypt (UBE). Mr. Abd El-Meguid was elected in 2005 till date as Board Member & Treasurer of the Federation of Egyptian Banks, as well as being a Board Member of International Company for Leasing "Incolease." In 2009, Mr. Abdel Meguid was appointed Board member at the Egyptian Competition Authority representing the Banking sector.

Dr.Abou El Oyoun holds a Ph.D. degree in Economics. He is the Economic Advisor for the Arab Fund on Economic and Social Development and founder and CEO of Guardian Security System Company since 2012. Dr. Abou El Oyoun was the CEO for Kuwait International Bank (2010 - 2011) and Advisor to the Kuwaiti Minister of Finance (2006 - 2010). Dr. Abou El Oyoun was appointed the Governor of the Central Bank of Egypt (CBE) (2001- 2003) after playing different leading positions at the CBE. He successfully established the Egyptian Money Laundering Combating Unit (EMLCU). Dr. Abou El Oyoun was also the Egyptian Governor of Arab Monetary Fund (2001 - 2003) as well as the Egyptian Governor of the African Development Bank. He was the economic and financial advisor for several ministers and economic and financial institutions in Egypt and abroad. He is a member of board of directors in several entities. Dr. Abou El Oyoun is the author of numerous books as well as academic papers and research, and he is also a professor of economics at the University of Zaqaziq.

Dr. Mahmoud Abou El-Oyoun

Mr. Atef Ali Ibrahim

Mr.Ibrahim was the Managing Director of Banque du Caire, a member of its board and the Executive Committee, and Head of the Asset Liability Committee. He was the first sub Governor of the Central Bank of Egypt in charge of foreign exchange interbank, monetary policy implementation, reserve management, and external debt. Mr. Ibrahim has gained extensive experience in the banking industry in both local and international markets. He acted as the General Manager and Senior Investment Officer of Arab International Bank in Cairo, Vice President and Investment Consultant at Merrill Lynch in both London and Bahrain, and Investment Consultant at Lehman Brothers in Bahrain. He also served as Head of Treasury at Gulf Riyad Bank in Bahrain as well as Arab African International Bank in Cairo. Mr. Atef holds an MBA from the American University in Cairo in Business Finance and completed his Investment Certification with the (NYSE), the (NASD), and the (CBOT).



Dr. Mohamed Gamal Moharam

Mr.Moharam is Country Head El- Futtaim Group. The Chairman of MGM Banking & Financial Consultants, the Egyptian Company for Mutual Funds Management, and Cairo Factors Company. Mr. Moharam was CEO and Managing Director of Piraeus Bank Egypt, formerly Egyptian Commercial Bank (2002 - 2008) and Chairman of the American Chamber of Commerce in Egypt (2006 - 2008). Since graduating from the Commerce Department of Cairo University in 1974, Mr. Moharam has focused his career on the banking industry, from a credit and marketing officer at Citibank, to Assistant Vice President of Fleet National Bank and Chief Representative of the Bank of New York in Cairo, to his position in Piraeus Bank. Mr. Moharam is a member of various business chambers and federations and board officer for a number of prominent socially responsible institutes. He has been a board member of several organizations

Mr.El Wakil has many years of diversified experience in the financial sector, including treasury, capital markets, Islamic banking, and investment banking. He was a board member and Managing Director at the Arab International Bank (AIB) in 2014. Mr. El Wakil held several managerial and executive positions at the Commercial International Bank (CIB) (2008 - 2013) until he was appointed a member of its board of directors. Previously, Mr. El Wakil held several executive positions at the ABC Islamic Bank across several countries until he was appointed the Director and a member of its board in 2005. He was also a board member at the Federation of Egyptian Banks.

Mr. Essam El-Din El-Wakil

Dr. Adel Ahmed Mousa

Mr.Mousa is a successful leader and has played an active role in leading Misr Insurance Company through both prosperous and challenging times among other accomplishments covering many areas in the insurance field. Mr. Mousa holds a Ph.D. in Economics and Foreign Trade from Helwan University and has attended many local and international conferences, seminars, and trainings in diversified business areas.

Mrs.Ibrahim has more than 25 years of vast experience in diversified business and investment areas. She holds an MBA from Arab Academy for Science Technology and Maritime Transport. She attended various business courses from reputable institutions that all qualified her to be appointed the Head of Investment Sector at Misr Insurance Company, one of the largest insurance companies in Egypt.

Mrs. Nagwa Ibrahim Mansour

Dr. Gamal Serour Salem

Dr.Serour holds a Ph.D. in public Administration from the Faculty of Economics & Political Science – Cairo University ,he is the Head of Misr Life Insurance Investment Sector. He has more than 32 years of experience in the fields of investment, finance and management during which he played an active role building diversified experiences in the fields of financial analysis, feasibility studies, planning the financial and managerial restructuring of distressed companies, preparing mergers and acquisition plans, real-estate and leasing finance, stock valuation, credit studies review, project finance plans. Dr. Serour is a member of the investment committee in Misr Life Insurance Company. He was Board Member for the Egyptian Gulf Bank and the Housing And Development Bank. Dr. Sourour has many research papers in finance, economics, restructuring, governance and management.

Mr.Mohsen held several managerial positions at Arab Contractors Company (Osman Ahmed Osman & Co.) until he was appointed the company's Chairman and CEO. Before that, he was the Head of the National Authority for Drinking Water and Sanitation. He also was the Chairman of the Arab Contractors Employees Insurance Fund, Chairman of Elite Company for Tourism Development, and a board member of Metro Company for Touristic Buildings. He is also a member of several business councils and chambers of commerce.

Dr. Mohamed Mohsen Salah El-Din

Mr.ElBaroudy is the vice Chairman of the Arab Contractors Company. He holds a Bachelor degree in civil Engineering from Ain Shams University. He has more than 36 years of experience during which he has assumed key leading positions. Mr. El Baroudy has led and supervised several strategic sectors and enormous projects among which are the Housing and Quarries sector, the Electro- mechanical sector, Distinction buildings and Industrial buildings, the Central Bank of Egypt construction project, Cairo Stadium construction project. He was also the deputy responsible for the Joint venture for Bibiotheca Alexandria project with Balfour Beatty and Rodio Trevi. He assumed the responsibility for leading and supervising Dar Al-Hadith Auditorium construction project at Madinah-Saudi Arabia.

Mr. Sayed Farouk Elbaroudy

BOARD COMMITTEES

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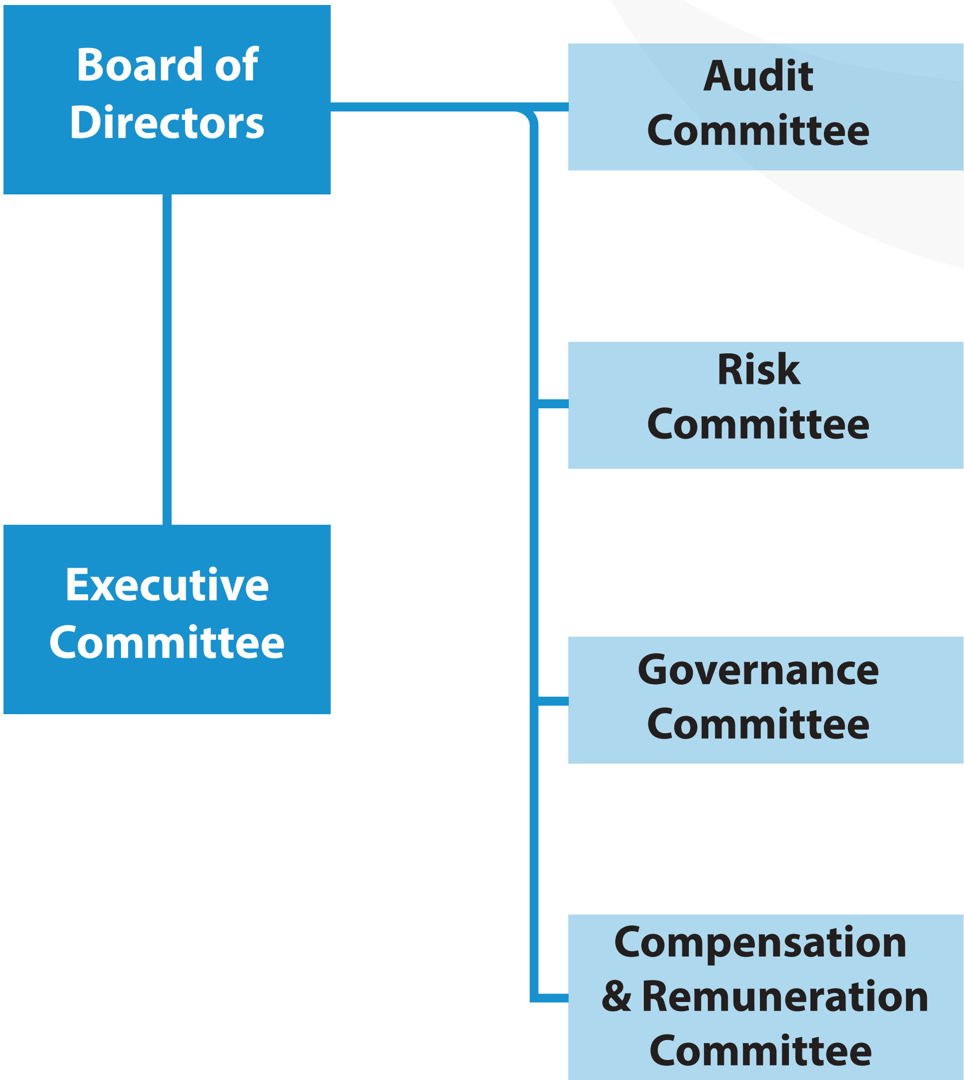


BOARD COMMITTEES

AUDIT COMMITTEE

The Committee supervises the Bank's regulatory functions and Internal Audit The Committee is constituted of three non-executive members:

Name	Title	Position
Dr. Mahmoud Ibrahim Abu El-Oyoun	SAIB Board Member	Committee Head
Mr. Adel Ahmed Mousa	SAIB Board Member	Member
Mr. Sayed Abdel Hamid El-Baroudy	SAIB Board Member	Member

RISK COMMITTEE

The Committee controls and follows up the Bank's risk management functions and it's compliance with strategies and policies adopted to manage risk.
The Committee is constituted of four non-executive members and one executive member:

Name	Title	Position
Mr. Essam El-Din Mohamed El-Wakil	SAIB Board Member	Committee Head
Mr. Hassan Ibrahim Abdel Meguid	Vice Chairman	Member
Mr. Atef Ibrahim El-Sayed	SAIB Board Member	Member
Mr. Mohamed Mohsen Salah El-Din	SAIB Board Member	Member
Mrs. Nagwa Ibrahim Mansour	SAIB Board Member	Member

CORPORATE GOVERNANCE COMMITTEE

The Committee ensures the application of the Bank's Corporate Governance Rules. The committee is constituted of three non-executive members:

Name	Title	Position
Mr. Atef Ibrahim El-Sayed	SAIB Board Member	Committee Head
Mr. Mohamed Gamal Moharam	SAIB Board Member	Member
Dr. Gamal Serour Salem	SAIB Board Member	Member

COMPENSATION AND REMUNERATION COMMITTEE

The committee studies salaries and bonuses, reviews policies and regulations related to salary, allowances, profit, incentives, promotions and sanctions The committee is constituted of three non-executive members:

Name	Title	Position
Mr. Mohamed Gamal Moharam	SAIB Board Member	Committee Head
Mr. Mohamed Mohsen Salah El-Din	SAIB Board Member	Member
Mr. Adel Ahmed Mousa	SAIB Board Member	Member

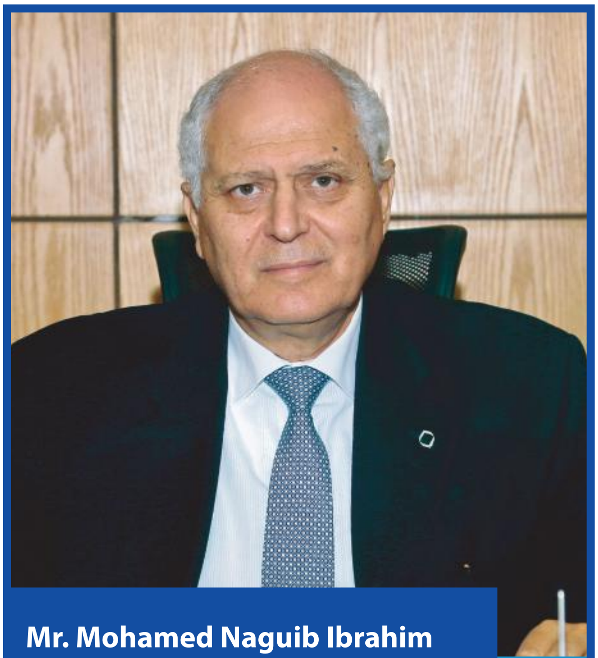
EXECUTIVE COMMITTEE

The committee has executive decision making role within the terms of reference and the authorities delegated to it by the Board of Directors.
The Executive Committee members are:

Name	Title	Position
Mr. Mohamed Naguib Ibrahim	Chairman	Committee Head
Mr. Hassan Ibrahim Abdel Meguid	Vice Chairman	Member
Mr. Hassan Mohamed Sherif	Senior General Manager Supervision & Control	Member
Mr. Magdy Mohamed El-Dakroury	Senior General Manager Marketing & Investment	Member
Mr. Alaa Mohamed Amin	Senior General Manager Corporate Banking	Member
Mr. Ashraf Mohamed Negm	Senior General Manager Treasury & Foreign Relations	Member
Mrs. Heba Salah El-Din Al-Alfy	Head of HR and Corporate Communication	Member
Mr. Khaled A. Moniem Setouhi	Head of Legal Sector	Member
Mr. Khaled Mohamed Gad	Chief Information Officer	Member
Mr. Mohamed Hisham Nour	Head of SMEs Sector	Member
Mr. Wael Mostafa Badr	Head of Risk Sector	Member

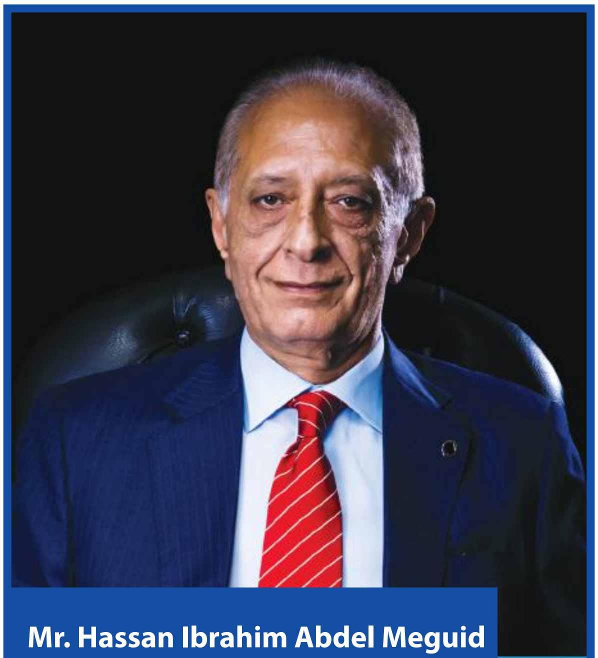
EXECUTIVE TEAM

EXECUTIVE TEAM



Mr. Mohamed Naguib Ibrahim

Chairman & Managing Director

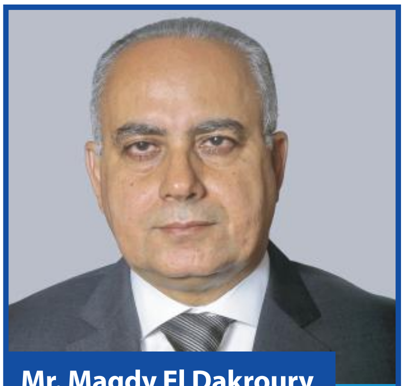


Mr. Hassan Ibrahim Abdel Meguid

Vice Chairman & Managing Director

Mr. Hassan Sherif

Senior General Manager
Supervision and Control



Mr. Magdy El Dakroury

Senior General Manager
Marketing and Investment

Mr. Alaa Amin

Senior General Manager
for Corporate Banking

Mr. Ashraf Negm

Senior General Manager for
Treasury & Foreign Relations

Mr. Wael Badr

Head of Risk

Mr. Mohamed Hisham Nour

Head of SMEs

Mr. Khaled Gad

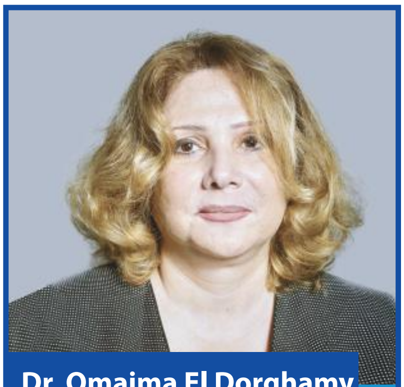
Chief Information Officer

Mrs. Nevine Salah

Head of Investment

Mr. Mohamed Amiri

Head of Marketing



Dr. Omaima El Dorghamy

Head of Branch Network

Mrs. Heba El Alfy

Head of HR & Corporate Communications

Mr. Khaled Mostafa

Head of Strategy

Mr. Ahmed Abo El Fatah

Head of Credit Administration & NPL

Mr. Khaled Setouhi

Head of Legal affairs

Mr. Ahmed Abu Al Dahab

Head of Retail

Mr. Ibrahim Taha

Head of Central Operations

Mr. Abd El Rahman Ghazy

Head of Internal Audit

Mr. Abd El Aziz El Seaidi

Head of Documentary Audit

Mrs. Hala El Talawy

Head of Compliance

Mr. Hesham Wafik

Head of Administration

AREA MANAGERS AND BRANCH MANAGERS

Mr. Ramadan Ibrahim

Area Manager
Upper Egypt

Mr. Fouad El Daly

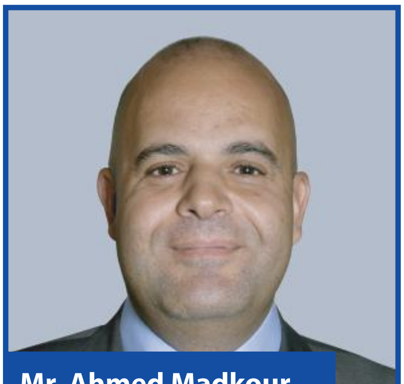
Area Manager
Delta & Alexandria

Mr. Youssef Ashour

Area Manager
Canal

Mr. Yasser Ayoub

Area Manager
East Cairo



Mr. Ahmed Madkour

Area Manager
West Cairo

Mr. Hazem El Tahan

El Tagamoa El Khames
Branch Manager

Mr. Hisham Selim

Merghany
Branch Manager

Mr. Hossam Edries

Katameya
Branch Manager

Mr. Kareem Abd El Hay

Sheraton
Branch Manager

Mr. Khaled Atwa

Heliopolis
Branch Manager

Mr. Mohamed Gharib

Nasr City (Islamic Branch)
Branch Manager

Mr. Mostafa Waly

Stella
Branch Manager

Mr. Mohamed Morsy

El-Azhar
Branch Manager

Mr. Saleh Selim

10th Of Ramadan
Branch Manager

Mr. Ahmed Fayez

Shoubra
Branch Manager

Mr. Alaa Amer

6th of October
Branch Manager

Mrs. Amina Aglan

Zayed
Branch Manager

Mrs. Dina Abdel Hasib

Zamalek (Under Construction)
Branch Manager

Mr. Hossam Abd Allah
Maadi
Branch Manager

Mrs.Lamia Samir Naser
Manial
Branch Manager

Mr.Mohamed Mazhar
Mall of Arabia
Branch Manager

Mr.Mounir Ahmed Nabil
Beverly Hills
Branch Manager

Mr.Mostafa Bahy El Din
Mohandessin
Branch Manager

Mr. Tamer Fathy
Haram
Branch Manager

Mr.Amr Ragab Amin
Loran
Branch Manager

Mr.Ashraf Dessouky
Mansoura
Branch Manager

Mr.Hassan Fatiha
Smouha
Branch Manager

Mr. Hossam Attia El Feky
El Mahala El Kobra
Branch Manager

Mr. Mostafa El Refai
El Horreya
Branch Manager

Mr. Walid Farag
Tanta
Branch Manager

Mr. Ahmed Abdel Azim
Assiut
Branch Manager

Mr. Amir Wadie
Luxor
Branch Manager

Mr. Adel Mostafa Khalaf
Damietta
Branch Manager

Mr. Ayman Abo Auf
Nouras
Branch Manager

Mr. Magdy Saleh
El Shohadaa
Branch Manager

Mr. Mohamed El Berawy
Suez
Branch Manager

MAZARS Mostafa Shawki
Accountants & Auditors

BAKER TILLY
Wahid Abdel Ghaffar & Co.
Accountants & Consultants

SOCIETE ARABE INTERNATIONALE DE BANQUE (SAIB) (S.A.E.)

FINANCIAL STATEMENTS TOGETHER WITH AUDITORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2016

MAZARS Mostafa Shawki
Accountants & Auditors

BAKER TILLY
Wahid Abdel Ghaffar & Co.
Accountants & Consultants

SOCIETE ARABE INTERNATIONALE DE BANQUE (SAIB) (S.A.E.)

FINANCIAL STATEMENTS TOGETHER WITH AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

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MAZARS Mostafa Shawki
Accountants & Auditors

BAKER TILLY
Wahid Abdel Ghaffar & Co.
Accountants & Consultants

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OF AUDITORS' REPORT ISSUED IN ARABIC

AUDITORS' REPORT

To the Shareholders of Societe Arabe Internationale de Banque (SAIB) - S.A.E.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Societe Arabe Internationale de Banque (SAIB) S.A.E. compromised of the balance sheet as of December 31, 2016, and the statements of income, cash flows and changes in equity 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 the 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 according to rules of the preparation and presentation of the financial statements and measurement and recognition bases approved by its board of directors on December 16, 2008 and in view of prevailing Egyptian laws, management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, management responsibility also includes selecting and applying the appropriate accounting policies, and performing the accounting estimates that are reasonable to the circumstances.

AUDITOR'S RESPONSIBILITY

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

An audit process involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate with circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, the audit process 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 the financial statements.

MAZARS Mostafa Shawki
Accountants & Auditors

BAKER TILLY
Wahid Abdel Ghaffar & Co.
Accountants & Consultants

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Societe Arabe Internationale de Banque (SAIB) - S.A.E. as of December 31,2016, and of its financial performance, and its cash flows for the year then ended in accordance with Central Bank of Egypt's rules, according to the rules of the preparation and presentation of the financial statements and measurement and recognition bases approved by its boards of directors on December 16, 2008 and the Egyptian laws and regulations relating to the preparation of these financial statements .

REPORT ON LEGAL AND OTHER REGULATORY REQUIREMENTS

The bank maintains proper books of account, which includes all that is required by Law and the Statutes of the bank, the financial statements are in agreement thereto.

According to the information and explanations given to us during the financial year ended December 31, 2016 no contravention of the Central Bank, Banking and Monetary Institution Law No.88 of 2003.

The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Bank`s books of account.

Cairo: February 1, 2017.

AUDITORS

TAREK ELMENSHAWY	MOHAMED MAHMOUD EL SAYED
MAZARS MOSTAFA SHAWKI Accountants & Auditors	BAKER TILLY Wahid Abdel Ghaffar & Co. Public Accountants & Consultants

TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN ARABIC

BALANCE SHEET AS OF DECEMBER 31, 2016

(ALL AMOUNTS ARE EXPRESSED IN US DOLLARS)

	Note No.	31/12/2016	31/12/2015
ASSETS			
Cash and due from Central Bank of Egypt	(15)	162 648 781	257 106 264
Due from banks	(16)	343 777 825	369 329 603
Treasury bills	(17)	608 381 080	781 689 833
Loans and credit facilities to customers	(18)	1 289 560 998	1 592 130 327
Financial Investments:			
-Available for sale	(19)	184 604 640	3 056 456 124
-Held to maturity	(19)	1 491 058 980	39 501 833
Investments in associated companies	(20)	180 586	413 838
Intangible assets	(21)	25 602	66 153
Other assets	(22)	85 308 103	149 178 503
Fixed assets	(23)	38 034 943	27 127 989
Total Assets		**4 203 581 538**	**6 273 000 467**
LIABILITIES AND SHAREHOLDERS EQUITY			
LIABILITIES			
Due to banks	(24)	300 337 161	223 444 275
Customers' deposits	(25)	3 340 565 541	5 470 981 852
Other loans	(26)	161 322 759	114 440 073
Other liabilities	(27)	96 776 361	150 632 808
Other provisions	(28)	11 946 308	14 407 148
Deferred tax liability	(29)	438 117	351 940
Total Liabilities		**3 911 386 247**	**5 974 258 096**
SHAREHOLDERS EQUITY			
Paid-up capital	(30)	150 000 000	150 000 000
Reserves	(31)	65 999 885	100 945 987
Retained earnings	(31)	76 195 406	47 796 384
Total Shareholders' Equity		**292 195 291**	**298 742 371**
Total Liabilities and Shareholders' Equity		**4 203 581 538**	**6 273 000 467**

- Auditors' Report attached.
- The accompanying notes from (1) to (37) are an integral part of these financial statements.

AUDITORS		Chief Financial Officer	Vice Chairman and Managing Director	Chairman and Managing Director
Tarek El Menshawy	Mohamed Mahmoud El Sayed	Hamdy Ghazy Ibrahim	Hassan Abdel Meguid	Mohammed Naguib Ibrahim
MAZARS MOSTAFA SHAWKI	Baker Tilly Wahid Abdel Ghaffar & Co.			

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2016
(ALL AMOUNTS ARE EXPRESSED IN US DOLLARS)

	Note No.	31/12/2016	31/12/2015
Loans interest and similar income	(6)	631 176 844	526 712 013
Cost of deposits and similar expenses	(6)	(466 083 010)	(386 104 565)
Net interest income		**165 093 834**	**140 607 448**
Fees and commissions income	(7)	28 298 298	29 965 796
Fees and commissions expenses	(7)	(777 017)	(1 270 299)
Net Fees and Commissions Income		**27 521 281**	**28 695 497**
Dividends income	(8)	1 692 278	2 128 750
Net trading income	(9)	5 102 991	3 984 547
Gain from Financial Investments	(19)	543 788	9 067 368
Impairment (expenses) from credit losses	(12)	1 893 768	(836 241)
Administrative expenses	(10)	(68 050 182)	(57 673 310)
Other operating (expenses)	(11)	(807 908)	(10 237 066)
Income (loss) from Investments in associated companies	(20)	22 937	(265 800)
Profit before income taxes		**133 012 787**	**115 471 193**
Income taxes (expenses)	(13)	(84 489 891)	(72 479 752)
Net profit for the year		**48 522 896**	**42 991 441**
Earnings per basic share (US Dollar/Share)	(14)	**2,42**	**2,05**

- The accompanying notes from (1) to (37) are an integral part of these financial statements.

Chief Financial Officer	Vice Chairman and Managing Director	Chairman and Managing Director
Hamdy Ghazy Ibrahim	Hassan Abdel Meguid	Mohammed Naguib Ibrahim

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2016

(ALL AMOUNTS EXPRESSED IN US DOLLARS)

	Note No.	31/12/2016	31/12/2015
Cash Flows from Operating Activities			
Profit before income tax		133 012 787	115 471 193
Adjustments to Reconcile Net Profit to Net Cash Flows from Operating Activities			
Depreciation and amortization	(10)	5 138 713	2 584 939
Impairment expenses of assets	(12)	(1 893 768)	836 241
Impairment expenses of other provisions	(11)	51 123	9 623 281
(Used) from provisions other than loan provision	(28)	(140 934)	(620 464)
Dividends income	(8)	(1 692 278)	(2 128 750)
Premium of held to maturity bonds	(19)	1 782 847	2 221 866
Discount of held to maturity bonds	(19)	(5 379 838)	(2 795 267)
(Profits) from sale of financial investments	(19)	(543 788)	(9 067 368)
(Income) loss From investments in associates companies	(20)	(22 937)	265 800
(Gain) from sale of fixed assets	(11)	(12 353)	(156 068)
Operating profit before changes in assets and liabilities provided from operating activities		**130 299 574**	**116 235 403**
Net Decrease (Increase) in Assets & Liabilities:			
Due from banks		54 843 029	(188 972 222)
Treasury bills		173 308 753	(135 205 969)
Loans and credit facilities for customers		315 306 093	(412 517 564)
Other assets		57 214 061	(39 088 034)
Due to banks		76 892 886	2 751 257
Customers' deposits		(2 130 416 311)	1 490 219 932
Other liabilities		(59 849 156)	40 305 639
Other provisions		94 939	--
Paid income tax		(78 411 005)	(59 254 296)

Translation differences	2 019 334 651	222 381 615
Net cash flows Provided From operating activities	**558 617 514**	**1 036 855 761**
Cash Flows from Investing Activities:		
(Payments) for purchase of fixed assets and branches preparation	(10 352 089)	(20 747 573)
Proceeds from sale of fixed assets	12 353	185 094
Proceeds from sale of financial investments other than financial assets held for trading investments	303 920 731	348 697 919
Purchase of financial investments other than financial assets held for trading investments	(967 472 500)	(1 227 677 493)
Dividends income received	1 692 278	2 143 056
Net Cash Flows (used in) investing activities	**(672 199 227)**	**(897 398 997)**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2016

(ALL AMOUNTS ARE EXPRESSED IN US DOLLARS)

	Note No.	31/12/2016	31/12/2015
Cash Flows from Financing Activities:			
Collected from other loans		65 735 047	5 085 922
Payments for from other loans		(5 131 566)	(6 311 697)
Dividends paid		(12 188 000)	(25 900 000)
Net cash flows provided from (used in) financing activities		**48 415 481**	**(27 125 775)**
Net (decrease) increase in cash and cash equivalents during the year		(65 166 232)	112 330 989
Cash and cash equivalents at the beginning of the year		**258 136 086**	**145 805 097**
Cash and cash equivalents at the end of the year		**192 969 854**	**258 136 086**
Cash and Cash Equivalents at Year-End are Represented as follows :			
Cash and due from Central Bank of Egypt	(15)	162 648 781	257 106 264
Due from banks	(16)	343 777 825	369 329 603
Treasury bills	(17)	608 381 080	781 689 833
Balances with Central Bank of Egypt (mandatory reserve)	(15)	(140 956 752)	(233 426 781)
Balances due from banks maturing more than three months		(172 500 000)	(134 873 000)
Treasury bills maturing more than three months	(17)	(608 381 080)	(781 689 833)
Cash and cash equivalents at year-end	**(33)**	**192 969 854**	**258 136 086**

The accompanying notes from (1) to (37) are an integral part of these financial statements.

Chief Financial Officer	Vice Chairman and Managing Director	Chairman and Managing Director
Hamdy Ghazy Ibrahim	Hassan Abdel Meguid	Mohammed Naguib Ibrahim

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2016

(ALL AMOUNTS EXPRESSED IN US DOLLARS)

	Note No.	Paid up Capital	Legal Reserve	General Banking Risk Reserve	Special Reserve	General Reserve	Capital Reserve	Fair Value Reserve -available for sale financial investments	Retained Earnings	Total
31/12/2015										
Balance as of 1/1/2015		**150 000 000**	**55 422 896**	**5 455 605**	**3 337 162**	**12 791 493**	**980 919**	**16 610 067**	**39 232 137**	**283 830 279**
Transferred to general banking risk reserve	**(31/a)**	--	--	3 430 350	--	--	--	--	(3 430 350)	--
Transferred to legal reserves	**(31/b)**	--	3 449 871	--	--	--	--	--	(3 449 871)	--
Transferred to general reserve	**(31/e)**	--	--	--	--	1 500 000	--	--	(1 500 000)	--
Transferred to capital reserve	**(31/e)**	--	--	--	--	--	146 973	--	(146 973)	--
Dividends paid for year 2014		--	--	--	--	--	--	--	(25 900 000)	(25 900 000)
Net change in financial investments available for sale	**(31/c)**	--	--	--	--	--	--	(1 263 291)	--	(1 263 291)
Translation differences	**(31/c)**	--	--	--	--	--	--	(916 058)	--	(916 058)
Net profit for the year 2015		--	--	--	--	--	--	--	42 991 441	42 991 441
Balance as of 31/12/2015		**150 000 000**	**58 872 767**	**8 885 955**	**3 337 162**	**14 291 493**	**1 127 892**	**14 430 718**	**47 796 384**	**298 742 371**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2016

(ALL AMOUNTS ARE EXPRESSED IN US DOLLARS)

	Note No.	Paid up Capital	Legal Reserve	General Banking Risk Reserve	Special Reserve	General Reserve	Capital Reserve	Fair Value Reserve-available for sale financial investments	Retained Earnings	Total
31/12/2016										
Balance as of 1/1/2016		150 000 000	58 872 767	8 885 955	3 337 162	14 291 493	1 127 892	14 430 718	47 796 384	298 742 371
Transferred to general banking risk reserve	(31/a)	--	--	1 496 269	--	--	--	--	(1 496 269)	--
Transferred to legal reserves	(31/b)	--	4 283 537	--	--	--	--	--	(4 283 537)	--
Transferred to general reserve	(31/e)	--	--	--	--	2 000 000	--	--	(2 000 000)	--
Transferred to capital reserve	(31/e)	--	--	--	--	--	156 068	--	(156 068)	--
Dividends paid for year 2015		--	--	--	--	--	--	--	(12 188 000)	(12 188 000)
Net change in financial investments available for sale	(31/c)	--	--	--	--	--	--	(40 428 094)	--	(40 428 094)
Translation differences	(31/c)	--	--	--	--	--	--	(2 453 882)	--	(2 453 882)
Net profit for the year 2016		--	--	--	--	--	--	--	48 522 896	48 522 896
Balance as of 31/12/2016		150 000 000	63 156 304	10 382 224	3 337 162	16 291 493	1 283 960	(28 451 258)	76 195 406	292 195 291

- The accompanying notes from (1) to (37) are an integral part of these financial statements.

Chief Financial Officer	Vice Chairman and Managing Director	Chairman and Managing Director
Hamdy Ghazy Ibrahim	Hassan Abdel Meguid	Mohammed Naguib Ibrahim

STATEMENT OF PROFIT APPROPRIATION FOR THE YEAR ENDED DECEMBER 31, 2016

(ALL AMOUNTS EXPRESSED IN US DOLLARS)

	31/12/2016	31/12/2015
Net profit for the year	**48 522 896**	**42 991 441**
Less;		
Gain from sale of fixed assets transferred to capital reserve according to the law	(12 353)	(156 068)
General Banking Risk Reserve	3 041 152	(1 496 269)
Net profit for the year available for appropriation	**51 551 695**	**41 339 104**
Add;		
Retained earnings at beginning of the year	27 672 510	4 804 943
Total	**79 224 205**	**46 144 047**
Appropriated as follows:		
Legal reserve	4 851 054	4 283 537
General reserve	2 000 000	2 000 000
Employees' profit share	10 188 000	10 188 000
Board of Directors' remuneration	2 000 000	2 000 000
Retained earnings at end of the year	60 185 151	27 672 510
Total	**79 224 205**	**46 144 047**

Vice Chairman and Managing Director	Chairman and Managing Director
Hassan Abdel Meguid	Mohammed Naguib Ibrahim

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

1- GENERAL INFORMATION

Societe Arabe Internationale de Banque (SAIB) provides retail, corporate banking and investment banking services in Egypt through 33 branches; the bank employs 1 139 people as at the balance sheet date.
The bank was established in accordance with Law No. 43 for 1974. The Head office is located in 56 Gamaet El Dewal El Arabeya St, Giza. The Bank is listing on the Cairo & Alex Stock Exchange.

2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements were prepared in accordance with the Egyptian Accounting Standards issued in 2006 and its amendments in accordance with the instructions of the Central Bank of Egypt approved by the Board of Directors as of December 16, 2008 consistent with the standards referred to, and on the basis of historical cost as modified by the revaluation of financial assets and liabilities held for trading and the financial assets and liabilities at fair value through profit or loss and the financial investments available for sale.

B. ASSOCIATED COMPANIES

Associated companies are all entities over which the Bank has direct or indirect significant influence but no control, generally accompanied by a shareholding of between 20% and 50% of the voting rights.

The purchase method is used for the accounting of the acquisitions of the companies by the Bank. The acquisition cost is measured at fair value, or the assets offered by the bank as return for purchase and/or the tools of property rights issued and/or obligations incurred by the Bank and/or the obligations accepted on behalf of the company acquired at the date of exchange, plus any costs directly attributable to the acquisition process. The net assets are measured, including contingent liabilities identifiable acquired by fair value at the date of acquisition. The investments are evaluated in an associated company, by the financial statements of the bank according to the equity method under which the investment in any company is proven initially in any associates company by the cost then the balance of the investment increases or decreases to prove the Bank's share of profits or losses of the company invested in after the acquisition company. That share is proven under the note "Profit or loss of investments in associates companies" in the income statement during the preparation of the financial statements. The balance of the investment is decreased by the value of dividends gained from the company invested in.

C. 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.

D. FOREIGN CURRENCY TRANSLATION

D1. FUNCTIONAL AND PRESENTATION FOREIGN CURRENCY

Transactions are recorded during the year in their original currency. For reporting the financial statements of the bank in US Dollars, at the end of each fiscal period, all assets, liabilities, shareholders' equity and expenses and revenues recorded in a currency other than the US Dollar (except those recorded in Egyptian pounds), are translated to US Dollars using stated exchange rates at that date. Balances shown in Egyptian pounds are translated to US Dollars using the official exchange rates of the central bank of Egypt. This translation has no effect on the income statement.

E. FINANCIAL ASSETS

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

E-1. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

- This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception.
- A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
- Financial assets are classified at fair value through profit or loss when:
- 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 loans and advances to customers or banks and debt securities in issue.
- Certain investments, such as equity investments, are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy and reported to key management personnel on that basis are designated at fair value through profit and loss.
- Financial instruments, such as debt securities held, containing one or more embedded derivatives significantly modify the cash flows, and they are designated at fair value through profit and loss.
- Profits and losses arising from changes in fair value of financial derivatives, which are managed in conjunction with the assets or financial liabilities classified at fair value through profit and loss and that in the income statement "item Net income from financial instruments classified at fair value when recognition through profit and loss ".
- Any financial derivative of a valued financial instruments at fair value is not reclassified through profit and loss during the retention period. It also does not re-classify any financial instrument, quoting from a range of financial instruments at fair value through profit and loss if this tool has been customized by the bank at initial recognition as assessed at fair value through profit and loss.

- According to the financial assets which are reclassified in the periods that begin form first of January 2009 it is reclassified according to the fair value in the date of reclassification.
- Bank in all conditions does not reclassify any financial instrument moving to groups of financial instruments reclassified with fair value from profit and loss or to financial assets groups for trading.

E-2. LOANS AND ADVANCES

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the bank intends to sell immediately or in the short term, which is classified as held for trading, or those that the bank upon initial recognition designates at fair value through profit or loss.
- Those that the bank upon initial recognition designates as available for sale.
- Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

E-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 reclassified as available for sale except due to force-majority.

E-4. AVAILABLE FOR SALE FINANCIAL ASSETS

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

THE FOLLOWING ARE APPLIED IN RESPECT OF ALL FINANCIAL ASSETS.

- Regular-way purchases and sales of financial assets at fair value through profit or loss, held to maturity and available for sale are recognized on trade-date – the date on which the Bank commits to purchase or sell the asset.
- Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value

through profit and loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

- Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when they are extinguished – that is, when the obligation is discharged, cancelled or expires.
- Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and advances and held-to-maturity investments are carried at amortized cost.
- Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in equity, until the financial asset is derecognized or impaired. At this time, the cumulative gain or loss previously recognized in equity is recognized in profit or loss.
- Interest is calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available for sale are recognized in the income statement. Dividends on available-for-sale equity instruments are recognized in the income statement when the bank'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 bid prices is unavailable, the Bank establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. If the bank could not assess the value of the equity classified as available for sale, these instruments should be valued at cost and will be subjected to impairment test.
- The Bank reclassified the financial asset tabbed within the range of financial instruments available for sale, which left the definition of loans and debts (bonds or loans), quoting a set of tools available for sale to the group of loans and advances or financial assets held to maturity – all as the case - when available Bank has the intent and ability to hold these financial assets in the foreseeable future or until maturity and are re-tab at fair value in the history of re-tab, and not process any profits or losses on those assets that have been recognized previously in equity and in the following manner:

1- In case a financial asset is reclassified, having a fixed maturity is gains or losses are amortized over the remaining life of the investment retained until the maturity date in a manner effective yield is consumed by any difference between the value on the basis of amortized cost and value on an accrual basis over the remaining life of the financial asset using the effective yield method, and in the case of the decay of the value of the financial asset is a later recognition of any gain or loss previously recognized directly in equity in the profits and losses.

2- In the case a financial asset has no fixed maturity but will continue to realize a profit or loss in equity until the sale of the asset or disposal, then be recognized in the profit and loss In the case of erosion of the value of the financial asset is a later recognition of any gain or loss previously recognized directly within equity in the profits and losses.

- If the Bank adjusts its estimates of actual payments or receipts and amended estimates of the financial asset (or group of financial assets) to reflect the actual cash inflows and the adjusted estimates to be recalculated book value and then calculates the present value of estimated future cash flows at the effective yield of the financial instrument then it is recognized as income or expense in the profit and loss.
- In all cases, if the bank re-Tabs financial asset in accordance with what is referred to The Bank at a later date to increase its estimate of the proceeds of future cash result of the increase will be recovered from the cash receipts, is the recognition of the impact of this increase in settlement of the interest rate effective from the date of change in the estimate and not in settlement of the balance of the original notebook in the history of change in the estimate.

F. OFFSETTING FINANCIAL INSTRUMENTS

- Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.
- The agreements to buy treasury bills with a commitment to re-sale and agreements to sale treasury bills with a commitment to re-purchase on a net basis within the balance sheet included in treasury bills and other eligible bills.

G. 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.

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

1- When collected after redeeming all due from consumer loans and personnel mortgages also small loans for economic activities

2- For loans given to institutions related to the monetary base also, it raises the return after that, according to rescheduling conditions on the loan till paying 25% from rescheduling payments with a minimum one year without being late, if the customer is always paying at his due dates the interest calculated is added to the loan balance which makes revenues (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.

H. FEE AND COMMISSION INCOME

Fees and commissions are generally recognized on an accrual basis when the service is provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) where it is recorded in the records of marginal outside the financial statements, And are recognized as income in accordance with cash basis Income is recognized when revenue for fees note no (2-g) that represent an integral part of the effective yield of the financial asset are generally treated as an amendment to the actual rate of return.

The postponement of fees represents the link between the loans if there is a possibility the withdrawal of such loans and the fees on the grounds that the link obtained by the Bank is considered compensation for the constant intervention for the acquisition of a financial instrument, Then to be recognized by the amendment to the effective interest rate on the loan in the case of the end of the link without issuing bank for the loan fees are recognized as income at the end of the period of validity of the link.

Fees are recognized on the debt instruments that are measured at fair value within the income on initial recognition. Loan syndication fees are recognized as revenue when the syndication has been completed and the Bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognized on completion of the underlying transaction.

Portfolio and other management advisory and service fees are recognized based on the applicable service contracts, usually on a time- apportionate basis. Asset management fees related to investment funds are recognized ratably over the period in which the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time. Performance linked fees or fee components are recognized when the performance criteria are fulfilled.

I. Dividend Income

Dividends are recognized in the income statement when the bank's right to receive dividend is established.

J. Purchase and Resale Agreements and Sale and Repurchase Agreements (Repos and Reverse Repos)

Financial instruments are sold under agreements to repurchase it within the assets added to the balances of the Treasury bills and other governmental papers in the balance sheet. The liability is displayed (purchase agreements and resale) deducted from the balances of the Treasury bills and other governmental papers in the balance sheet. The difference between the sale price and the repurchase price is recognized as income to be accrued throughout the duration of the agreements by using the actual rate of return method.

K. Impairment of Financial Assets

K1. Financial Assets Carried at Amortized Cost

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or debtor.
- A breach of contract such as a default or delinquency in interest or principal payments.
- Expected bankruptcy of borrower or upon being subject to liquidation lawsuit or to restructuring the finance granted to it.

- Deterioration of competitive position of borrower.
- Granting privilege or assignments by the bank to the borrower, due to economic or legal reasons related to the financial conditions, which are not granted by the bank in the normal course of business.
- Impairment of guarantee
- Deterioration of creditworthiness.
- A substantive evidence for impairment loss of the financial assets is the existence of clear information indicating a measurable decline in the expected future cash flows of such category since initial recognition though such decline is not identifiable for each individual asset.
- The bank estimates the period between the loss event and identifying thereof for each specific portfolio. In general, the period used varies between three months and 12 months.
- The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Taking into account the following:
- If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment based on historical loss rates.
- Assets that are individually assessed for impairment and for which an impairment loss continues to be recognized are not included in a collective assessment of impairment.
- If the previous assessment resulted in the absence of impairment loss then the assets is included into the group.
- The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement.
- If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Bank and historical loss experience for assets with credit risk characteristics similar to those in the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

K2. AVAILABLE FOR SALE FINANCIAL ASSETS

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets 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.

During the period starting from January 1, 2009 for listed equity instruments the need to book impairment is analyzed as soon as a significant and prolonged decline on their price below their acquisition cost is observed. The decline in value is considered significant for the equity instruments if it reaches 10% of the financial instrument's cost, and it is considered prolonged if it extended for a period of more than 9 months. Impairment losses recognized in the income statement on equity instruments 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 profit or loss, the impairment loss is reversed through the income statement

L. INTANGIBLE ASSETS

L-1 GOODWILL

Goodwill represents the difference between the cost of the combination and the acquirer's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree at the acquisition date. The extent of goodwill impairment is to be annually checked, while goodwill amortization of 20% or impairment amount, whichever is bigger, is to be charged to income. Goodwill relevant to either subsidiary or sister companies is to be considered in determining profit / loss on the sale of such companies (note 2/b). Goodwill is to be distributed over monetary generating funds' units for impairment test purposes; such units represent the main bank's segments (note 2/c).

L -2 SOFTWARE (COMPUTER PROGRAMS)

Expenses, related to upgrading or maintenance of computer programs, are recognized as expenses in income statement, when incurred. These expenses related directly to a specific software, which are subjected to the bank's control and expected to produce economic benefits exceeding their cost for more than one year, are recognized as an intangible asset. The direct expenses include cost of staff for the software upgrading, in addition to a suitable portion of respective overhead expenses.
The expenses which lead to an increase or expansion of computer software beyond their original specification are recognized as an upgrading cost and are added to the original software cost.
The computer software cost recognized, as an asset shall be amortized over the period expected useful life not more than 3 years.

L-3 OTHER INTANGIBLE ASSETS

Intangible assets, other than goodwill and computer programs (for example, trademarks, licenses, benefits of rental contracts) are classified as other intangible assets which are stated at the cost of acquisition and depreciated on a straight-line method or on the basis of the economic benefits expected from it, and that over the estimated useful lives, and for assets that do not have a specific useful life, it is not depreciated, it is tested every year for any impairment (if any) it will be recognized on the income statement.

M. FIXED ASSETS

Land and buildings comprise mainly branches, offices and the head office premises. All property, plant and equipment is stated at historical cost less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Buildings	20 years
Computers and Core Systems	5 years
Vehicles	5 years
Fixtures and fittings	5 years
Equipment	5 years
Furniture	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. 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 asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating expenses / income in the income statement.

N. IMPAIRMENT OF NON-FINANCIAL ASSETS

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

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable 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 other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each financial statement's reporting date.

O. LEASES

The accounting treatment for the finance lease in accordance with Law 95 of 1995, if the contract entitles the lessee to purchase the asset at a specified date and the value selected, or the current value of the total lease payments representing at least 90% of the value of the asset. Other lease contracts are considered operating leases contracts.

O-1 THE LESSEE

Finance leasing contracts recognizes the lease cost, including the cost of maintenance of the leased assets, within the expenses in the income statement for the period in which they occurred. If the bank decided to exercise the rights to purchase the leased assets, the cost of the right to purchase it as an asset are capitalized and amortized over the useful life of the expected remaining life of the asset in the same manner as similar assets.

Recognition of payments under the operating lease expense minus any discounts obtained from the lesser under expenses in the income statement on a straight-line basis over the term of the contract

P- CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, 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, treasury bills and other eligible bills.

Q. 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, and the probable outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.
Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.
Provisions which negate the purpose of wholly or partly repaid is allocated in the item of other operating income (expense).
Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre –tax rate that reflect current market assessment of the time value of money and the risks specific to the obligation . the increase in the provision due to passage of time is recognized as expenses.

R. FINANCIAL GUARANTEES

The financial collateral contracts are contracts issued by the bank as security for loans or debit current accounts due from its clients to other entities which require the bank to make certain payments for compensating the beneficiary for a loss incurred due to default :on the part of the debtor on maturity date, in accordance with conditions of the debt instruments. These financial guarantees are presented to the banks, corporation and other entities on behalf of the bank's clients.
The fair value shall be recognized initially in the financial statements , on date of granting the security. This fair value shall reflect the fee for this security. Consequently, the bank's obligation shall be measured by virtue of the guarantee contract on the basis of the first measurement amount less amortization calculated for recognition of security fees in the income statement, according to the straight line method over the guarantee life term, or based on the best estimate for payments required for settlement of any financial obligation resulting from the financial guarantee on date of balance sheet. Whichever is higher. Such estimates are made based on experience in similar transactions and the historical losses as confirmed by management judgment.
Any increase in the obligations resulting from the financial guarantee, shall be recognized within other operating income (expenses) item.

S. INCOME TAX

Income tax on the profit or loss for the year includes each of year tax and deferred tax and is recognized in the income statement except for income tax relating to items of equity that are recognized directly in equity.
Income tax is recognized based on net taxable profit using the tax rates applicable at the date of the budget in addition to tax adjustments for previous years. Deferred taxes arising from temporary time differences between the book value of assets and liabilities are recognized in accordance with the principles of accounting and value according to the tax base, this is to determinate the value of deferred tax on the expected manner to realize or settle the values of assets and liabilities, using tax rates applicable at the date of the budget.
Deferred tax assets of the Bank are recognized when there is a reliable probability to realize a profit subject to tax in the future to be possible through to use that asset, and is reducing the value of deferred tax assets with part of that will come from tax benefit expected during the following years, that in the case of expected high benefit tax, deferred tax assets will increase within the limits of the above reduced.

T. BORROWING

Loans, received by the bank, are recognized first with these fair value less the cost of obtaining the loan. The loan is later measured by the amortized cost, and the income statement is charged with the difference between the net proceeds and the value that will be met over the period of borrowing using the actual return.

U. CAPITAL

U-1 CAPITAL ISSUANCE COST

Expenses directly attributed to the issuance of new shares, and the issuance of shares by way of acquisition, or the issuance of share options are charged to equity net of tax.

U-2 DIVIDENDS

Dividends deducted from equity for the period in which the General Assembly of the shareholders acknowledges these distributions, and the distribution includes the share of employees in the profits and remuneration of the Board of Directors as prescribed in the articles of association and by Law.

U-3 TREASURY SHARES

In case the bank purchases capital shares, the amount is deducted from the total equity as it represents the cost of treasury shares until these are canceled, and in the case of sale those shares or re-released in a subsequent period all collections are added to the equity.

V. FIDUCIARY ACTIVITIES

The bank practices fiduciary activities that result in ownerships or management of assets on behalf of individuals, trust, and retirement benefit plans and other institution. These assets and income arising thereon are excluded from the bank's financial statements, as they are not assets of the bank.

W. COMPARATIVE FIGURES

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

3. 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 Bank's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. 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 central treasury department (Bank Treasury) under policies approved by the Board of Directors. Bank Treasury identifies, evaluates and hedges financial risks in close co-operation with the Bank's 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.

A. CREDIT RISK

The Bank takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Bank by failing to discharge an obligation. Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from loans and advances, debt securities and other bills. There is also credit risk in off-balance sheet financial arrangements such as loan commitments. The credit risk management and control are centralized in a credit risk management team in Bank Treasury and reported to the Board of Directors and head of each business unit regularly.

A-1 CREDIT RISK MEASUREMENT

- **Loans and advances to banks and customers** In measuring credit risk of loans and advances to customers and to banks at a counterparty level, the Bank reflects three components
- The probability of default by the client or counterparty on its contractual obligations.
- Current exposures to the counterparty and its likely future development, from which the Bank derives the exposure at default.
- The likely recovery ratio on the defaulted obligations (the loss given default).

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

BANK'S INTERNAL RATINGS CATEGORIES

Bank's rating	Description of the grade
1	Performing loans
2	Regular watch
3	Watch list
4	Non-performing loans

The credit center exposed to failure depends on the amounts which the bank expect to be stand upon the delay, for example, the loans this center is nominal value, for other links, the bank include all the withdrawn amounts in addition to the other amounts that are expected to be drawn till the date of delay. If happened.

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

DEBT INSTRUMENTS, TREASURY BILLS AND OTHER BILLS

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

A-2. RISK LIMIT CONTROL AND MITIGATION POLICIES

- The bank manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and banks, and to industries and countries.
- The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by individual , group, product, industry sector and by country are approved quarterly by the Board of Directors.
- The exposure to any borrower including banks is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored and compared daily.
- Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate

SOME OTHER SPECIFIC CONTROL AND MITIGATION MEASURES ARE OUTLINED BELOW.

VThe bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of a 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:
Mortgaged over residential properties.
Mortgaged business assets such as inventory and equipments.
Mortgaged financial instruments such as debt securities and equities.
Long-term finance and lending to corporate entities are generally secured. Revolving individual credit facilities are generally unsecured. In addition, in order to minimize the credit loss the bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.
Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other governmental securities are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

- CREDIT-RELATED COMMITMENTS

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.
Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than short-term commitments.

A-3 IMPAIRMENT AND PROVISIONING POLICIES

The internal system described in (Note1/a) focus is more on credit-quality mapping from the inception of the lending and investment activities. In contrast impairment provisions are recognized for financial reporting purposes only for losses that have been incurred at the balance sheet date based on objective evidence of impairment.The impairment provision shown in the balance sheet at year-end is derived from each of the four internal rating grades. However, the majority of the impairment provision comes from the bottom two grading. The table below shows the percentage of the Bank's on- and off-balance sheet items relating to loans and advances and the associated impairment provision for each of the Bank's internal rating categories:

	31/12/2016		31/12/2015	
Bank's rating	**Loans and advances (%)**	**Impairment provision (%)**	**Loans and advances (%)**	**Impairment provision (%)**
1-Performing loans	76.26	55.33	78.28	38.63
2-Regular watch	30.69	13.56	19.42	6.04
3-Watch list	1.48	1.62	0.86	0.51
4-Non performing loans	0.57	29.49	1.44	54.82
	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:

- Insignificant financial troubles facing the borrower or debtor.
- Breach of contract such as a default or delinquency in interest or principal payments.
- Expected bankruptcy of borrower or upon being subject to liquidation lawsuit or to re-structuring the finance granted.
- Deterioration in the competitive position of borrower.
- Grant privilege or assignments by the bank to the borrower, due -to economic or legal reasons related to the financial troubles, which are not granted by the bank in the normal course of business.
- Impairment of guarantee
- Deterioration of creditworthiness.

The Bank's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (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 by using the available historical experience, experienced judgment and statistical techniques.

A-4 PATTERN OF MEASURING THE GENERAL BANKING RISK

In addition to the four categories of the Bank's credit ratings indicated in note (a/1), the management makes small groups more detailed according to the CBE rules, assets facing credit risk are classified to detailed conditions relying greatly on customer's information, activities, financial position and his regular payments to his debts.

The bank calculates the provisions needed for assets facing credit risk impairment in addition to credit regulations according to special percentages. From CBE, in the case of increase of impairment loss provision needed according to CBE than that for purposes of making the financial statements according to the Egyptian accounting standards ,the risk of general banking reserve is included in owners equity deducted from the retained earning with this increase , this reserve is modified with periodic basis with the increase and decrease , which equals the increase in provisions and this reserve is not distributed, discloser no. (31/a) present the movement on the reserve account during the fiscal year.

And this is categories of institutional worthiness according to internal ratings according to CBE rules and rates of provisions needed for assets impairment related to credit risk:

CBE Rating	Categorization	Provision %	Internal Rating	Internal Categorization
1	Low Risk	0	1	Performing loans
2	Moderate Risk	1%	1	Performing loans
3	Satisfactory Risk	1%	1	Performing loans
4	Reasonable Risk	2%	1	Performing loans
5	Acceptable Risk	2%	1	Performing loans
6	Marginally Acceptable Risk	3%	2	Regular watch
7	Watch list	5%	3	Watch list
8	Substandard debt	20%	4	Non Performing loans
9	Doubtful debt	50%	4	Non Performing loans
10	Bad Debt	100%	4	Non Performing loans

A-5. MAXIMUM EXPOSURE TO CREDIT RISK BEFORE COLLATERAL

	31/12/2016	31/12/2015
Balance sheet items exposed to credit risks:	US Dollar	US Dollar
Treasury bills	608 381 080	781 689 833
Loans and credit facilities to customers:		
Individuals:		
-Debit current accounts	164 420 242	114 800 108
-Credit cards	3 928 538	6 718 048
-Personal loans	42 211 077	66 117 367
-Real estate loans	5 515 215	3 375 723
Corporate:		
-Debit current accounts	361 577 956	406 416 872
-Direct loans	181 680 019	300 146 136
-Syndicated loans	528 961 586	690 510 815
-Other loans	1 266 365	4 045 258
Financial investments		
-Debt instrument	1 667 500 970	3 078 014 103
Other assets	85 308 103	149 178 503
Total	**3 650 751 151**	**5 601 012 766**
Off Balance sheet items exposed to credit risk:		
Commitments For Loans and Other Obligations Which irrevocable related to Credit.	**18 947 080**	**66 101 845**
Letter of Credit	24 472 005	37 247 911
Letter of guarantee	71 030 807	103 037 764
Total	**114 449 892**	**206 387 520**

The above table represents the worst-case scenario of credit risk exposure to the Bank as at 31 December 2016 and at 31 December 2015, without taking in consideration any guarantee for balance sheet items, amounts stated depend on the net carrying amounts shown in the balance sheet.

- As shown above 35.32 % of the maximum limit exposed to credit risk results from loans and credit facilities to customers as at 31 December 2016 against 28.43% at 31 December 2015 while investments in debt instruments represent 45.68% at 31 December 2016 against 54.95% at 31 December 2015.

- Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the bank resulting from both its loan and advances portfolio and debt securities based on the following:
- 97.95 % of the loans and advances portfolio is categorized in the top two grades of the internal rating system against 97.70% at 31 December 2015.
- 98.12 % of the loans and advances portfolio are considered neither past due nor impaired against 97.80% at 31 December 2015.
- The bank has introduced a more stringent selection process up to grant loans and advances during the financial year ended at 31 December 2016.
- More than 99.63% as at 31 December 2016 against 99.37% as at 31 December 2015 from investments in debt instruments and treasury bills represent debt instruments on the Egyptian Government.

A-6 LOANS AND CREDIT FACILITIES TO CUSTOMERS

The status of balances of loans and credit facilities to customers in terms of credit ratings as follow:

	31/12/2016 US Dollar	31/12/2015 US Dollar
Loans and credit facilities		
Neither past due nor impaired	1 288 632 172	1 599 769 927
Past due but not impaired	17 205 432	12 419 907
Individually impaired	7 433 235	23 593 931
Gross	**1 313 270 839**	**1 635 783 765**
Less:		
Provision for Impairment losses	(21 286 627)	(39 169 725)
Reserved interest	(868 540)	(3 365 006)
Advanced interest	(10 895 702)	(12 718 903)
Net	**1 280 220 060**	**1 580 530 131**

- Total impairment expenses for loans and credit facilities to customers amounted to US Dollar 11 945 689 at 31 December 2016 against US Dollar 27 569 529 at 31 December 2015. Note (18) include additional information on the provision for impairment losses for loans and credit facilities to customers.

LOANS AND CREDIT FACILITIES NEITHER PAST DUE NOR IMPAIRED

The credit quality of the portfolio of loans and credit facilities that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the bank.

LOANS AND CREDIT FACILITIES TO CUSTOMERS

31/12/2016

(US Dollar)

	Individual				Corporate				
Evaluation	Debit current accounts	Credit cards	Personal loans	Real estate loans	Debit current accounts	Direct loans	Syndicated loans	Other loans	Total Loans and facilities to customers
1-Performing loans	--	--	--	1 894 026	244 870 946	156 320 869	470 346 354	34 234	**873 466 429**
2-Regular watch	163 892 051	3 729 890	42 392 390	6 249 331	107 615 476	18 056 780	54 347 939	721 890	**397 005 747**
3-Watch list	--	--	--	--	7 892 052	3 528 060	6 101 091	638 793	**18 159 996**
	163 892 051	**3 729 890**	**42 392 390**	**8 143 357**	**360 378 474**	**177 905 709**	**530 795 384**	**1 394 917**	**1 288 632 172**

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

31/12/2015

	Individual				Corporate				
Evaluation	Debit current accounts	Credit cards	Personal loans	Real estate loans	Debit current accounts	Direct loans	Syndicated loans	Other loans	Total Loans and facilities to customers
1-Performing loans	--	--	--	2 118 753	341 168 989	281 572 038	650 612 344	450 738	**1 275 922 862**
2-Regular watch	114 422 090	6 396 797	68 557 502	2 750 852	59 474 707	13 192 047	41 529 072	3 892 985	**310 216 052**
3-Watch list	--	--	--	--	2 401 271	11 229 742	--	--	**13 631 013**
	114 422 090	**6 396 797**	**68 557 502**	**4 869 605**	**403 044 967**	**305 993 827**	**692 141 416**	**4 343 723**	**1 599 769 927**

LOANS AND CREDIT FACILITIES PAST DUE BUT NOT IMPAIRED

- These are loans and credit facilities less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. Loans and credit facilities to customers which past due but are not subject to impairment are as follows:

31/12/2016
(US Dollar)

Individual

	Debit current accounts	Credit cards	Personal loans	Real estate loans	Total
Past due up to 30 days	--	177 361	2 810 621	1 258 704	4 246 686
Past due 30- 60 days	--	--	319 598	6 635	326 233
Past due 60-90 days	--	--	132 240	--	132 240
Past due 90-120 days			23 513	--	23 513
Total	**--**	**177 361**	**3 285 972**	**1 265 339**	**4 728 672**

Corporate					
	Debit current accounts	**Direct loans**	**Syndicated loans**	**Other loans**	**Total**
Past due up to 30 days	4 252 331	5 466 200	--	--	**9 718 531**
Past due 30- 60 days	--	824 395	--	--	**824 395**
Past due 60-90 days	--	--	--	--	**-**
Past due 90-120 days	--	--	--	--	**-**
Past due 120-150 days	--	633 486	--	--	**633 486**
Past due 150-180 days	--		--	--	**-**
Past due More than 211 days	--	1 300 348	-	--	**1 300 348**
Total	**4 252 331**	**8 224 429**	**--**	**--**	**12 476 760**

On initial recognition of loans and credit facilities .the fair value of guarantees is assessed based on valuation methods used for similar assets. In subsequent period, fair value is updated to reflect market price or prices of similar assets

31/12/2015 (US Dollar)					
Individual					
	Debit current accounts	**Credit cards**	**Personal loans**	**Real estate loans**	**Total**
Past due up to 30 days	--	325 478	3 820 260	91 244	**4 236 982**
Past due 30- 60 days	--	--	332 731	--	**332 731**
Past due 60-90 days	--	--	13 304	23 659	**36 963**
Past due 120-150 days			43 054	--	**43 054**
Total	**--**	**325 478**	**4 209 349**	**114 903**	**4 649 730**

Corporate					
	Debit current accounts	Direct loans	Syndicated loans	Other loans	Total
Past due up to 30 days	7 075 266	694 911	--	--	**7 770 177**
Total	**7 075 266**	**694 911**	--	--	**7 770 177**

LOANS AND CREDIT FACILITIES INDIVIDUALLY IMPAIRED

- Balance of loans and credit facilities subject to individual impairment before taking into consideration cash flow from guarantees amounted to US Dollar 7 433 235 at 31 December 2016 against US Dollar 23 593 931 at 31 December 2015.

Below is a breakdown in total value of the loans and credit facilities subject to individual impairment :

31/12/2016 (US Dollar)									
	Individual				Corporate				
	Debit current accounts	Credit cards	Personal loans	Real estate loans	Debit current accounts	Direct loans	Syndicated loans	Other loans	Total Loans and facilities to customers
Individually impaired loans and credit facilities	632 973	654 820	2 313 023	--	221 746	8 915	1 462 535	2 139 223	7 433 235

31/12/2015 (US Dollar)									
	Individual				Corporate				
	Debit current accounts	Credit cards	Personal loans	Real estate loans	Debit current accounts	Direct loans	Syndicated loans	Other loans	Total Loans and facilities to customers
Individually impaired loans and credit facilities	588 669	870 714	4 969 713	--	405 879	124 073	4 351 185	12 283 698	23 593 931

A-7 DEBT INSTRUMENTS AND TREASURY BILLS

The table below presents an analysis of debt securities and other governmental securities by rating agency designation at the end of the year, based on Standard & Poor's ratings or their equivalent:

	Treasury bills	Investment securities	Total
	US Dollar	US Dollar	US Dollar
AA- to AA+	--	6 833 584	**6 833 584**
A- to A+	--	1 478 115	**1 478 115**
Lower than A-	608 381 080	1 659 189 271	**2 267 570 351**
Total	**608 381 080**	**1 667 500 970**	**2 275 882 050**

A-8. CONCENTRATION OF RISKS OF FINANCIAL ASSETS WITH CREDIT RISK EXPOSURE

Geographical sectors

The following table breaks down the bank's main credit exposure at their carrying amounts, as categorized by geographical sector as of 31 December 2016. When this table was prepared, the risk was distributed on the geographical sectors according to the areas related to the bank's clients.

(US Dollar)

	Greater Cairo	Alex, Delta & Sinai	Upper Egypt	Others	Total
Treasury bills	608 381 080	--	--	--	**608 381 080**
Loans and facilities to customers:					
Individuals:					
-Debit current accounts	134 261 655	29 257 626	459 611	546 132	**164 525 024**
-Credit cards	3 468 049	981 303	85 162	27 557	**4 562 071**
-Personal loans	28 499 330	16 481 494	2 947 421	63 140	**47 991 385**
-Real estate loans	7 362 984	1 998 689	47 023	--	**8 408 696**
Corporate:					
-Debit current accounts	235 740 500	125 183 198	3 928 853	--	**364 852 551**
-Direct loans	177 205 777	8 169 360	763 916	--	**186 139 053**
-Syndicated loans	498 229 465	34 028 454	--	--	**532 257 919**
-Other loans	3 040 913	493 227	--	--	**3 534 140**
-Financial investments					
-Debt instruments	**1 572 844 190**	--	--	**94 656 780**	**1 667 500 970**
Total in 31/12/2016	**3 269 033 943**	**216 593 351**	**8 231 986**	**95 293 609**	**3 589 152 889**
Total in 31/12/2015	**5 147 146 969**	**248 288 874**	**5 281 387**	**94 770 471**	**5 495 487 701**

BUSINESS SECTORS

The following table breaks down the bank's main credit exposure at their carrying amounts, as categorized by the business sectors of our business f the bank's clients: **(US Dollar)**

	Financial institutions	Manufacturing	Real estate	Commercial	Governmental	Other industries	Individuals	Total
Treasury bills	--	--	--	--	608 381 080	--	--	**608 381 080**
Loans and credit facilities to customers:								
Individuals:								
-Debit current accounts	--	--	--	--	--	--	164 525 024	**164 525 024**
-Credit cards	--	--	--	--	--	--	4 562 071	**4 562 071**
-Personal loans	--	--	--	--	--	--	47 991 385	**47 991 385**
-Real estate loans	--	--	--	--	--	--	9 408 696	**9 408 696**
Corporate:								
-Debit current accounts	22 689 617	184 262 461	4 719 587	72 168 663	--	81 012 223	--	**364 852 551**
-Direct loans	89 025 785	31 188 190	4 206 033	8 483 414	--	53 235 631	--	**186 139 053**
-Syndicated loans	--	95 334 902	20 319 140	33 624 154	--	382 979 723	--	**532 257 919**
-Other loans	--	519 242	638 793	1 040 979	--	1 335 126	--	**3 534 140**
Derivative financial instruments								
-Financial investments								
-Debt instrument	8 311 699	--	--	--	1 659 189 271	--	--	1 667 500 970
Total in 31/12/2016	**120 027 101**	**115 317 210**	**29 883 553**	**311 304 795**	**2 267 570 351**	**518 562 703**	**226 487 176**	**3 589 152 889**
Total in 31/12/2015	**282 097 494**	**190 666 532**	**54 340 048**	**411 289 428**	**3 835 231 396**	**516 537 983**	**205 324 820**	**5 495 487 701**

A-9. DEBT INSTRUMENTS AND TREASURY BILLS

The table below presents an analysis of debt securities and other governmental securities by rating agency designation at the end of the year, based on Standard & Poor's ratings or their equivalent:

	Treasury bills	Investment securities	Total
	US Dollar	US Dollar	US Dollar
AA- to AA+	--	6 833 584	6 833 584
A- to A+	--	1 478 115	1 478 115
Lower than A-	608 381 080	1 659 189 271	2 267 570 351
Total	608 381 080	1 667 500 970	2 275 882 050

A-10. CONCENTRATION OF RISKS OF FINANCIAL ASSETS WITH CREDIT RISK EXPOSURE GEOGRAPHICAL SECTORS

The following table breaks down the bank's main credit exposure at their carrying amounts, as categorized by geographical sector as of 31 December 2016. When this table was prepared, the risk was distributed on the geographical sectors according to the areas related to the bank's clients.

(US Dollar)

	Greater Cairo	Alex, Delta & Sinai	Upper Egypt	Others	Total
Treasury bills	608 381 080	--	--	--	608 381 080
Loans and facilities to customers:					
Individuals:					
-Debit current accounts	134 261 655	29 257 626	459 611	546 132	164 525 024
-Credit cards	3 468 049	981 303	85 162	27 557	4 562 071
-Personal loans	28 499 330	16 481 494	2 947 421	63 140	47 991 385
-Real estate loans	7 362 984	1 998 689	47 023	--	8 408 696
Corporate:					
-Debit current accounts	235 740 500	125 183 198	3 928 853	--	364 852 551
-Direct loans	177 205 777	8 169 360	763 916	--	186 139 053
-Syndicated loans	498 229 465	34 028 454	--	--	532 257 919
-Other loans	3 040 913	493 227	--	--	3 534 140
-Financial investments					
-Debt instruments	1 572 844 190	--	--	94 656 780	1 667 500 970

B. MARKET RISK

The bank takes on exposure to market risk, 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 risk arises 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 rates, credit spreads, foreign exchange rates and equity prices. The Bank separates exposures to market risk into either trading or non-trading portfolios. The market risks arising from trading and non-trading activities are concentrated in the Bank in the risk management department.

Trading portfolios include those positions arising from market-making transactions where the Bank acts directly as principal with clients or with the market, Non-trading portfolios primarily arise from the interest rate management of the entity's retail and commercial banking assets and liabilities. Non-trading portfolios also consist of foreign exchange and equity risks arising from the Bank's held-to-maturity and available-for-sale investments.

B-1 FOREIGN EXCHANGE VOLATILITY RISK

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarizes the Bank's exposure to foreign currency exchange rate risk at end of the year. Included in the table are the Bank's financial instruments at carrying amounts, categorized by currency.

(Equivalent to US Dollar)

Financial Assets									
Cash and due from Central Bank of Egypt	149 260 992	8 502 393	238 303	2 369 683	--	5 174	2 216 375	55 861	162 648 781
Due from banks	5 849	322 192 965	6 348 829	12 905 133	797 229	735 673	732 186	59 961	343 777 825
Treasury bills	91 970 315	449 573 516	--	66 837 249	--	--	--	--	608 381 080
Loans and credit Facilities for customers	701 100 541	570 353 983	47	18 106 407	--	1	19	--	1 289 560 998
Financial Investments:									
Available for sale investments	124 252 609	60 352 031	--	--	--	--	--	--	184 604 640
Held to maturity investments	1 455 767 625	35 291 355	--	--	--	--	--	--	1 491 058 980
Other assets	78 174 092	7 057 419	8 590	66 330	1 672	--	--	--	85 308 103
Total financial Assets	**2 600 532 023**	**1 453 323 662**	**6 595 769**	**100 284 802**	**798 901**	**740 848**	**2 948 580**	**115 822**	**4 165 340 407**
Financial liabilities									
Due to banks	157 388 236	129 906 940	107 166	12 930 453	278	3 710	378	--	300 337 161
Customers' deposits	2 350 936 245	891 251 121	7 395 565	87 974 228	807 390	751 201	1 390 366	59 425	3 340 565 541
Other loans	11 322 759	150 000 000	--	--	--	--	--	--	161 322 759
Other liabilities	66 775 421	29 772 882	12 230	204 188	1 672	6	9 962	--	96 776 361
Total financial Liabilities	**2 586 422 661**	**1 200 930 943**	**7 514 961**	**101 108 869**	**809 340**	**754 917**	**1 400 706**	**59 425**	**3 899 001 822**
Net Financial Position at 31-12-2016	**14 109 362**	**252 392 719**	**(919 192)**	**(824 067)**	**(10 439)**	**(14 069)**	**1 547 874**	**56 397**	**266 338 585**
Balance at 31-12-2015									
Total financial assets	4 770 224 769	1 359 708 091	7 144 810	102 979 916	2 506 212	1 112 331	1 400 116	316 242	6 245 392 487
Total financial liabilities	4 755 767 628	1 088 251 711	6 773 279	103 740 621	2 427 758	1 003 117	1 449 449	85 445	5 959 499 008
Net Financial Position at 31-12-2015	**14 457 141**	**271 456 380**	**371 531**	**(760 705)**	**78 454**	**109 214**	**(49 333)**	**230 797**	**285 893 479**

B-2 INTEREST RATE RISK

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Board sets limits on the level of mismatch of interest rate reprising that may be undertaken, which is monitored daily by Assets & Liabilities Management Dept. The table below summarizes the Bank's exposure to interest rate risk. It included the Bank's financial instruments at carrying amounts, categorized by the earlier of re-pricing or contractual maturity date.

	Till One Month	More Than One Month Till ThreenMonths	More Than One Months Till One Year	More Than One Year Till Five Years	More Than Five Years	Without Interest	Total
Balance at 31-12-2016							
Financial Assets							
Cash and due from Central Bank of Egypt	--	--	--	--	--	162 648 781	162 648 781
Due from banks	44 443 855	116 663 130	171 000 000	--	--	11 670 840	343 777 825
Treasury bills	108 755	143 084 699	465 187 626	--	--	--	608 381 080
Loans and credit Facilities for customers	95 231 023	924 828 943	174 262 150	76 671 371	18 567 511	--	1 289 560 998
Financial Investments:							
Available for sale investments	350 421	--	--	84 824 281	93 046 004	6 383 934	184 604 640
Held to maturity investments	--	31 993 002	--	845 517 010	611 770 252	1 778 716	1 491 058 980
Other assets	--	--	--	--	--	85 308 103	85 308 103
Total financial Assets	**140 134 054**	**1 216 569 774**	**810 449 776**	**1 007 012 662**	**723 383 767**	**267 790 374**	**4 165 340 407**
Financial liabilities							
Due to banks	200 899 196	51 000 000	36 000 000	--	--	12 437 965	300 337 161
Customers' deposits	584 022 874	227 672 503	633 919 817	1 550 250 322	51 194 121	293 505 904	3 340 565 541
Other loans	--	50 064 380	100 147 617	3 703 844	7 406 918	--	161 322 759
Other liabilities	--	--	--	--	--	96 556 361	96 776 361
Total financial Liabilities	**784 922 070**	**328 736 883**	**770 067 434**	**1 553 954 166**	**58 601 039**	**402 720 230**	**3 899 001 822**
Total interest re-pricing gap	**(644 788 016)**	**887 832 891**	**40 382 342**	**(546 941 504)**	**664 782 728**	**(134 929 856)**	**266 338 585**

C. LIQUIDITY RISK

Liquidity risk is the risk that the Bank is unable to meet its payment 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 obligations to repay depositors and fulfill commitments to lend.

LIQUIDITY RISK MANAGEMENT PROCESS

The Bank's liquidity management process, as carried out within the Bank and monitored by a separate team in Assets & Liabilities Management Dept, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or is borrowed by customers. The Bank maintains an active presence in global money markets to enable this to happen.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- Monitoring balance sheet liquidity ratios against internal and requirements of 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 & Liabilities Management Dept. also monitors unmatched medium-term assets, the level and type of un drawn 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 jointly team in Bank Assets & liabilities Management, liabilities Investments to maintain a wide diversification by currency, provider, product and term.

D. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

DUE FROM BANKS

The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

LOANS AND CREDIT FACILITIES TO CUSTOMERS

Loans and credit facilities are net of provisions for impairment. The estimated fair value of loans and credit facilities represents the discounted amount of estimated future cash flow expected to be received. Expected cash flow are discounted at current market rates to determine fair value.

FINANCIAL INVESTMENT

Financial investment securities include only interest-bearing assets held to maturity; assets classified as available for sale are measured at fair value. Fair value for held-to-maturity assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

DUE TO OTHER BANKS AND CUSTOMERS

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.
The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

E. CAPITAL MANAGEMENT

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, are:

- Compliance with capital legal requirements in Egypt.
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base to enhance growth.
- Capital adequacy and uses are reviewed according to the regulatory authority's requirements (CBE) by the bank's management through guidelines developed by the Basel Committee; Data are submitted and filed at CBE on a quarterly basis.

  The CBE requires each bank to:
- Maintaining EGP 500 million as a minimum requirement for the issued and paid-in capital.
- Maintaining a ratio between capital elements, and assets and contingent liability elements weighted by risk weights at 10% or more.

CAPITAL MANAGEMENT

The objective of the bank for capital management purposes, the bank's capital includes total equity as reported in the statement of financial position plus some other elements that are managed as capital. As following

- Compliance with the legally imposed capital requirement in Egypt.
- Protecting the bank's ability to continue as going concern and enabling it to generate yield for shareholders and other parties dealing with the bank.
- Maintain a strong capital base to enhance growth of the bank's operations.
- Capital adequacy and users are reviewed by the bank's management in accordance with the requirement of the regulatory authority (central bank of Egypt) by bank management; by form relying on basil committee regulations for banking control data are submitted and filed with CBE on quarterly basis.

The CBE requires the bank to comply with the following:

- Maintaining EGP 500 million as a minimum requirement for the issue and paid in capital.
- Maintaining a minimum level of capital ratio of 10% calculated as the ratio between total value of the capital element, and the risk –weighted average of the bank's assets and contingent liabilities.

THE NUMERATOR IN THE CAPITAL ADEQUACY RATIO COMPRISES THE FOLLOWING 2 TIERS

Tier 1: basic capital, which comprises paid in capital (net of treasury stock), plus retained earnings and reserves resulting from profit appropriations (other than general reserve for banking risk & special reserve), less any goodwill previously recognized and any carried forward losses.

Tier 2: subordinate capital which comprises an amount equal to the loan general provision calculated in accordance with the credit rating bases issued by the CBE provided it does not exceed 1.25% from the total risk –weighted average of assets and contingent liabilities ,plus: the carrying amount of subordinated loans /deposit maturing over more than 5 years (provided that such carrying amount shall be reduced 20% of its value in each of last five years of their maturity), plus 45% of the increase in fair value above the carrying amount of available for sale investment, held to maturity investment ,and investments in subsidiaries and associated and 45% from special reserve.

In calculating the numerator of the capital adequacy ratio, total value of tier 2 should not exceed total value of tier 1.Also, total value of subordinated loans (deposits) should not exceed 50% of tier 1.

Assets are risk weighted at a range of 0 to 200% risk classification of these assets based on the type of the debtor to reflect the associated credit risk and after consideration of cash collaterals the same treatment is applied for the off –balance sheet items which shall be adjusted to reflect the contingent nature of and potential loss on these amounts

Capital adequacy standard has been prepared base on Basel II requirements, and central Bank of Egypt Board of directors has approved in its meeting held on December 18, 2012, which has been issued on December 24, 2012

The table below summarizes the composition of tier 1, tier 2 and capital adequacy ratio based on Basel II

	31/12/2016 In thousand EGP	31/12/2015 In thousand EGP
Tier 1 after exclusions		
Capital issued and paid up*	2 739 976	1 159 515
Reserves *	1 474 687	574 286
Retained earnings *	505 480	37 143
Total deductions from Basic capital	(553 222)	(18 234)
Total Tier 1 capital after exclusions	**4 166 921**	**1 752 710**
Tier 2 after exclusions		
45% from the Special Reserve *	1 133	479
45% of the increase in the fair value above its carrying amount of financial investments	--	50 198
Subordinated loans	2 009 315	618 408
Provision for impairment losses for regular loans , facilities and contingent liabilities	172 882	108 196
Total Tier 2 capital after exclusions	2 183 330	777 281
Total capital after exclusions	**6 350 251**	**2 529 991**
Risk weighted assets and contingent liabilities:		
Credit risk	34 708 876	19 137 661
Market risk	--	52 279
Operational risk	2 919 679	1 439 923
Total risk weighted assets and contingent liabilities	**37 628 555**	**20 629 863**
Capital adequacy Ratio	**16.88%**	**12.26%**

* Value of the Egyptian pound on the basis of the closing rate of the dollar at the balance sheet date.

LEVERAGE RATIO:

Central Bank of Egypt Board of Directors approved in its meeting held on July 7, 2015 the special supervisory instructions related to leverage ratio while maintaining a minimum level of leverage ratio of 3% to be reported in quarterly basis as follow:

- Guidance ratio started from reporting period September 2015 till December 2017.

- Obligatory ratio started from year 2018.

This ratio will be included in Basel requirement tier1 in order to maintain Egyptian Banking system strong and safe, as long to keep up with best international regulatory treatments. Leverage financial ratio reflect relationship between tier 1 for capital that is used in capital adequacy ratio (after Exclusions) and other assets (on balance sheet and off-balance sheet) that are not risk weighted assets.

RATIO ELEMENTS:

THE NUMERATOR ELEMENTS

The numerator consists of tier 1 for capital that are used in capital adequacy ratio (after Exclusions) in accordance with the requirements of the regulatory authority represented by the Central Bank of Egypt (CBE)

THE DOMINATOR ELEMENTS

The dominator consists of all bank assets (on balance sheet and off-balance sheet) according to financial statements called "Bank exposures" which include total the following:

1- On balance sheet exposure items after deducting some of Tier I Exclusions for capital base.

2- Derivatives contracts exposures.

3- Financing Financial papers operations exposures.

4- Off-balance sheet items (weighted by credit conversion factor).

The tables below summarizes the leverage financial ratio:

	31/12/2016 In thousand EGP	31/12/2015 In thousand EGP
The Tier 1 for capital (after Exclusions)	**4 166 921**	**1 752 710**
Cash and due from Central Bank of Egypt	4 959 422	3 344 330
Due from banks (current Accounts and Deposits)	4 291 224	1 496 481
Treasury bills	11 112 998	6 042 542
Financial Investments: Available for sale	3 356 430	23 621 460
Held to Maturity	27 236 441	305 353
Investments in associated companies	3 299	3 199
Total Loans and credit facilities to customers	23 988 873	12 644 775
provision impairment losses for loans irregular and credit facilities	(64 350)	(116 830)
Reserved interest	(15 864)	(26 012)
Fixed Assets (Net)	694 766	209 702
Other Assets	1 541 406	1 146 293

The value of what is being deducted from the exposures (some Exclusions of the first tier of the capital)	(33 517)	(18 234)
Total exposures in balance sheet	**77 071 128**	**48 653 059**
Letters of credit – Import	87 971	53 441
Letters of credit – Export	1 432	4 145
Letters of guarantee	592 362	365 287
Letters of guarantee, As a request to foreign banks or his provide	47 478	22 252
Bills acceptable	278 325	196 419
Total of contingent liabilities	**1 007 568**	**641 544**
Capital commitments	166 738	27 344
Commitments for operational leasing contracts	27 780	41 906
Commitments for Loans and credit facilities to banks /customers (unused part) With an original maturity :		
Irrevocable exceeding one year	--	210 491
Irrevocable year or less	69 219	17 998
Irrevocable unconditional at any time by the bank without prior notice, or that include the texts of self-cancellation due to deterioration of the creditworthiness of the borrower	806 693	622 344
Total Commitments	**1 070 430**	**920 083**
Total exposures out balance sheet	**2 077 998**	**1 561 627**
Total exposures in/out balance sheet	**79 149 126**	**50 214 686**
the leverage financial ratio	**5 .26 %**	**3.49%**

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and available info.

A- IMPAIRMENT LOSSES ON LOANS AND CREDIT FACILITIES

The Bank reviews its loan portfolios to assess impairment minimum on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank make judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flow from a portfolio of loans before the decrease can be with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a Bank, or national 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 methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

B- IMPAIRMENT OF AVAILABLE FOR-SALE EQUITY INSTRUMENTS

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

C- HELD-TO-MATURITY INVESTMENTS

The non-derivative financial assets with fixed or determinable payments and fixed maturity are being classified held to maturity. This classification requires significant judgment. There for the bank tests whether there is a genuine intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than for the specific circumstances – for example an insignificant amount close to maturity it will be required to reclassify the entire category as available for sale. The investments would therefore be measured at fair value not amortized cost in addition to suspending the classification of any of the investments in that item.

If the use of the classification of the investments is suspended as held to maturity, it will decrease the book value of US Dollars 61 707 832 to fair value by recording an entry in the fair value reserve within the equity.

5. SECTORIAL ANALYSIS

A – SECTORIAL ANALYSIS FOR ACTIVITIES

Sectorial activity includes operations and assets used in providing banking services and managing risks surrounding it and the income associated with this activity that may differ from the rest of the other activities.

The sectorial analysis of operations includes, according to the received banking operations, the following:

The large, medium and small enterprises.

Activities include current accounts, deposits, and debit current accounts and loans and credit facilities and financial derivatives.

INVESTMENTS

Activities include company mergers and purchase of investments and financing of corporate restructuring and financial instruments.

INDIVIDUALS

Activities include current and savings accounts, deposits, credit cards, personal loans and mortgages.

OTHER ACTIVITIES

Include other banking services, such as money management.
Transactions between sectorial activities are held in accordance with the standard cycle of activity of the bank. The assets and liabilities include operating assets and liabilities as displayed in the financial position of the bank.

Assets and Liabilities according to the Sectorial Activity

(US Dollar)

	31/12/2016			
	Corporate	Individual	Other	Total
Assets				
Cash and due from Central Bank of Egypt	--	--	162 648 781	**162 648 781**
Due from banks	234 923 070	--	108 854 755	**343 777 825**
Treasury bills	--	--	608 381 080	**608 381 080**
Loans and facilities for customers (After deducting the provision)	1 073 485 926	216 075 072	--	**1 289 560 998**
Available for sale financial investments	14 695 633	--	169 909 007	**184 604 640**
Held to maturity financial investments	1 778 716	--	1 489 280 264	**1 491 058 980**
Investments at associates companies	180 586	--	--	**180 586**
Unclassified Assets				
Intangible assets	--	--	25 602	**25 602**
Other assets	--	--	85 308 103	**85 308 103**
Fixed Assets (After deducting accumulated depreciation)	--	--	38 034 943	**38 034 943**
Total Assets	**1 325 063 931**	**216 075 072**	**2 662 442 535**	**4 203 581 538**
Liabilities				
Due to banks	300 337 161	--	--	**300 337 161**
Customers' deposits	1 863 593 876	1 476 971 665	--	**3 340 565 541**
Other loans	161 322 759	--	--	**161 322 759**
Other liabilities	--	--	96 776 361	**96 776 361**
Other provisions	--	--	11 946 308	**11 946 308**
Deferred tax liabilities	--	--	438 117	438 117
Total Liabilities	**2 325 253 796**	**1 476 971 665**	**109 160 786**	**3 911 386 247**
Total Equity	--	--	--	**292 195 291**

(US Dollar)

	31/12/2015 Corporate	Individual	Other	Total
Assets				
Cash and due from Central Bank of Egypt	--	--	257 106 264	**257 106 264**
Due from banks	193 591 385	--	175 738 218	**369 329 603**
Treasury bills	--	--	781 689 833	**781 689 833**
Loans and facilities for customers (After deducting the provision)	1 401 119 081	191 011 246	--	**1 592 130 327**
Available for sale financial investments	38 213 224	--	3 018 242 900	**3 056 456 124**
Held to maturity financial investments	4 203 170	--	35 298 663	**39 501 833**
Investments at associates companies	413 838	--	--	**413 838**
Unclassified Assets				
Intangible assets	--	--	66 153	**66 153**
Other assets	--	--	149 178 503	**149 178 503**
Fixed Assets (After deducting accumulated depreciation)	--	--	27 127 989	**27 127 989**
Total Assets	**1 637 540 698**	**191 011 246**	**4 444 448 523**	**6 273 000 467**
Liabilities				
Due to banks	223 444 275	--	--	**223 444 275**
Customers' deposits	2 686 682 138	2 784 299 714	--	**5 470 981 852**
Other loans	114 440 073	--	--	**114 440 073**
Other liabilities	--	--	150 632 808	**150 632 808**
Other provisions	--	--	14 407 148	**14 407 148**
Deferred tax liabilities	--	--	351 940	**351 940**
Total Liabilities	**3 024 566 486**	**2 784 299 714**	**165 391 896**	**5 974 258 096**
Total Equity	--	--	--	**298 742 371**

6. NET INTEREST INCOME

	31/12/2016	31/12/2015
	US Dollar	US Dollar
Loans Interest and similar income		
Loans and facilities to clients	165 397 874	127 970 287
Treasury Bonds	452 252 521	393 556 753
Deposits and current accounts	13 526 449	5 184 973
	631 176 844	**526 712 013**
Cost of deposits and similar expenses		
Deposits and current accounts**:**		
-Banks	(11 650 149)	(10 442 577)
-Clients	(450 531 891)	(374 358 665)
Other loans	(3 900 970)	(1 303 323)
	(466 083 010)	**(386 104 565)**
Net	**165 093 834**	**140 607 448**

7. NET FEES AND COMMISSIONS INCOME

	31/12/2016	31/12/2015
	US Dollar	**US Dollar**
Fees & Commissions Income :		
Fees & Commissions Related to Credit	22 402 063	23 063 089
Custody Fees	238 020	292 577
Other Fees	**5 658 215**	**6 610 130**
	28 298 298	**29 965 796**
Fees & Commissions expenses		
Other Fees Paid	(777 017)	(1 270 299)
	(777 017)	**(1 270 299)**
Net	**27 521 281**	**28 695 497**

8. DIVIDENDS INCOME

	31/12/2016	31/12/2015
	US Dollar	US Dollar
Available for sale investments	1 674 389	1 933 860
Investments fund held to maturity	17 889	194 890
	1 692 278	**2 128 750**

9. NET TRADING INCOME

	31/12/2016	31/12/2015
	US Dollar	US Dollar
Foreign exchange transactions:		
Foreign exchange gains	**5 102 991**	**3 984 547**
Net	**5 102 991**	**3 984 547**

10. ADMINISTRATIVE EXPENSES

	31/12/2016	31/12/2015
	US Dollar	US Dollar
Staff Costs		
Wages & salaries	(33 356 460)	(32 627 251)
Social insurance	(923 789)	(957 242)
	(34 280 249)	(33 584 493)
Depreciation and amortization	(5 138 713)	(2 584 939)
Other administrative expenses	(28 631 220)	(21 503 878)
	(68 050 182)	**(57 673 310)**

- The average monthly salary earned by the top twenty employees totaled is US Dollars 284 401 for the financial year ended December 31, 2016 against US Dollars 297 619 for the financial year ended December 31, 2015.

11. OTHER OPERATING REVENUE (EXPENSES)

	31/12/2016	31/12/2015
	US Dollar	US Dollar
Profits from the sale of Fixed Assets	12 353	156 068
Operating lease	(320 418)	(425 308)
Capital lease	(430 943)	(327 989)
(Expenses) other provisions (Note 28)	(51 123)	(9 623 281)
Other	(17 777)	(16 556)
	(807 908)	**(10 237 066)**

12. IMPAIRMENT (EXPENSES) FROM CREDIT LOSSES

	31/12/2016	31/12/2015
	US Dollar	US Dollar
Loans and facilities for clients	1 893 768	(836 241)
	1 893 768	(836 241)

13. INCOME TAX (EXPENSES)

	31/12/2016	31/12/2015
	US Dollar	US Dollar
Current tax*	(84 403 714)	(72 676 028)
Deferred tax (Note 29)	(86 177)	196 276
	(84 489 891)	**(72 479 752)**

* The value of the tax due on the return of treasury bonds and bills for the financial year ended on that date.

14. EARNINGS PER SHARE

Earnings Per share is calculated by dividing the net profit attributable to the shareholders of the Bank excluded the employee's shares and the reward of the Board of Directors from the net profit by the weighted average of ordinary shares issued during the year.

	31/12/2016	31/12/2015
	US Dollar	US Dollar
Net Profit Available for Distribution on shareholders(1)	36 334 896	30 803 441
Weighted average of ordinary issued shares (2)	15 000 000	15 000 000
Basic Earnings Per Share (US Dollar) (1/2)	2.42	2,05

* Based on the proposed dividend distribution figures . The amount shall be approved by the Ordinary General Assembly of the Shareholders of the Bank

15. CASH AND DUE FROM CENTRAL BANK OF EGYPT

	31/12/2016	31/12/2015
	US Dollar	US Dollar
Cash	21 692 029	23 679 483
Balances with Central Bank of Egypt (mandatory reserve)	**140 956 752**	**233 426 781**
	162 648 781	**257 106 264**
Balances without interest	**162 648 781**	**257 106 264**
	162 648 781	**257 106 264**

16. DUE FROM BANKS

	31/12/2016	31/12/2015
	US Dollar	US Dollar
Current Accounts	23 093 750	7 265 445
Deposits	**320 684 075**	**362 064 158**
	343 777 825	**369 329 603**
Central Banks (Except Obligatory Reserve)	108 854 755	175 738 218
Local Banks	196 989 521	178 040 506
Foreign Banks	37 933 549	15 550 879
	343 777 825	**369 329 603**
Balances without interest	11 670 840	5 501 453
Balances with variable interest	11 422 910	1 763 992
Balances with fixed interest	320 684 075	362 064 158
	343 777 825	**369 329 603**
Current Balances	343 777 825	369 329 603
	343 777 825	**369 329 603**

17. TREASURY BILLS

	31/12/2016	31/12/2015
	US Dollar	US Dollar
Treasury bills	608 381 080	781 689 833
Egyptian Treasury bills	**608 381 080**	**781 689 833**
The Treasury bills are represented in the following:		
182 Days maturity	--	39 022 771
272 Days maturity	--	161 706
273 Days maturity	74 849 000	129 364 400
357 Days maturity	54 947 557	65 147 912
362 Days maturity	109 490	--
364 Days maturity	499 431 440	580 256 615
	629 337 487	**813 953 404**
Unearned Interest	(20 956 407)	(32 263 571)
	608 381 080	**781 689 833**

As part of the initiative of the Central Bank of Egypt to activate the mortgage sector for the low and middle -income, treasury bonds with a nominal value of 23 150 000 Egyptian pounds (equivalent to 1 267 347 US dollars) were frozen at the Central Bank of Egypt on 31 December 2016.

18. LOANS AND CREDIT FACILITIES FOR CUSTOMERS

	31/12/2016	31/12/2015
	US Dollar	US Dollar
Individuals:		
Debit current accounts	164 525 024	115 010 759
Credit cards	4 562 071	7 592 989
Personal loans	47 991 385	77 736 564
Real estate loans	9 408 696	4 984 508
Total (1)	**226 487 176**	**205 324 820**
Corporate:		
Debit current accounts	364 852 551	410 526 112
Direct loans	186 139 053	306 812 811
Syndicated loans	532 257 919	696 492 601
Other loans	3 534 140	16 627 421

Total (2)	**1 086 783 663**	**1 430 458 945**
Loans and credit facilities to customers (1+2)	**1 313 270 839**	**1 635 783 765**
Less:		
Provision for impairment losses	(11 945 689)	(27 569 529)
Reserved interest	(868 450)	(3 365 006)
Advanced interest	(10 895 702)	(12 718 903)
Net loans and credit facilities to customers, distributed to :	**1 289 560 998**	**1 592 130 327**
Current Balances	536 714 169	559 919 026
Non-current Balances	752 846 829	1 032 211 301
	1 289 560 998	**1 592 130 327**

PROVISION FOR IMPAIRMENT LOSSES

Analysis of the provision for impairment losses for Customers

	31/12/2016 Individual				
	Debit current accounts	**Credit cards**	**Personal loans**	**Real estate loans**	**Total US Dollar**
Balance At Beginning Of The year	**61 504**	**295 235**	**3 878 091**	**34 098**	**4 268 928**
Impairment expenses (recovery)	(19 204)	37 265	(429 292)	72 178	**(339 053)**
Write off during the period	--	(1 426)	(63 034)	--	**(64 460)**
Recovery during the period	--	17 624	--	--	**17 624**
Translation differences	(25 397)	(196 567)	(2 021 531)	(50 567)	**(2 294 062)**
Balance At The End Of The year	**3 262 249**	**152 131**	**1 364 234**	**55 709**	**1 588 977**

CORPORATE

	Debit current accounts	Direct loans	Syndicated loans	Other loans	Total US Dollar
Balance At Beginning Of The year	**4 097 736**	**3 098 379**	**5 758 008**	**10 346 478**	**23 300 601**
Impairment expenses (recovery)	1 430 185	304 175	(1 001 488)	(2 287 587)	**(1 554 715)**
Write off during the period	--	--	--	(4 184 119)	**(4 184 119)**
Recovery during the period	--	--	--	1 210 907	**1 210 907**
Translation differences	(2 265 672)	(1 568 453)	(1 554 886)	(3 026 951)	**(8 415 962)**
Balance At The End Of The year	**16 903**	**1 834 101**	**3 201 634**	**2 058 728**	**10 356 712**

31/12/2015

Individual

	Debit current accounts	Credit cards	Personal loans	Real Estate loans	Total US Dollar
Balance At Beginning Of The year	**24 642**	**331 920**	**4 850 438**	**14 174**	**5 221 174**
Impairment expenses (recovery)	40 439	(28 969)	(588 318)	10 547	**(566 301)**
Write off during the period	--	(3 511)	(25 442)	--	**(28 953)**
Recovery during the period	--	20 128	--	10 394	**30 522**
Translation differences	(3 577)	(24 333)	(358 587)	(1 017)	**(387 514)**
Balance At The End Of The year	**61 504**	**295 235**	**3 878 091**	**34 098**	**4 268 928**

Corporate					
	Debit current accounts	Direct loans	Syndicated loans	Other loans	Total US Dollar
Balance At Beginning Of The year	**4 128 167**	**1 993 710**	**6 016 566**	**11 094 066**	**23 232 509**
Impairment expenses (recovery)	230 151	1 208 611	43 631	(79 851)	**1 402 542**
Write off during the period	--	--	--	(21 471)	**(21 471)**
Recovery during the period	--	--	--	4 591	**4 591**
Translation differences	(260 582)	(103 942)	(302 189)	(650 857)	**(1 317 570)**
Balance At The End Of The year	**4 097 736**	**3 098 379**	**5 758 008**	**10 346 478**	**23 300 601**

19- FINANCIAL INVESTMENTS

	31/12/2016 US Dollar	31/12/2015 US Dollar
Available for sale financial investments		
Debt instruments-fair value:		
-listed	178 220 706	3 042 715 440
Equity instruments-cost:		
-listed	2 225 713	5 259 440
-unlisted	4 158 221	8 481 244
Total available for sale financial investments (1)	**184 604 640**	**3 056 456 124**
Held to maturity financial investment		
Debt instruments-amortized cost:		
-listed	1 489 280 264	35 298 663
Equity instruments-cost:		
-unlisted	1 939 347	4 582 746
Less :impairment provision	(160 631)	(379 576)
Total held to maturity financial investment (2)	**1 491 058 980**	**39 501 833**
Total financial investment(1+2)	**1 675 663 620**	**3 095 957 957**
Current balances	216 597 642	3 056 456 124
Non-current balances	1 459 065 978	39 501 833
	1 675 663 620	**3 095 957 957**
Fixed Interest Debt Instruments	1 667 392 340	3 077 374 632
Variable Interest Debt Instruments	108 630	639 471
	1 667 500 970	**3 078 014 103**

31/12/2016			
	Available for sale financial investments	**Held To Maturity Financial Investment**	**Total**
	US Dollar	**US Dollar**	**US Dollar**
Opening Balance	**3 056 456 124**	**39 501 833**	**3 095 957 957**
Addition	967 472 500	--	967 472 500
Deduction (Selling - Redemption)	(303 376 943)	--	(303 376 943)
Adjustment/ Reclassification	(3 136 304 583)*	3 136 304 583	--
Translation differences	(360 884 450)	(1 686 674 341)	(2 047 558 791)
Profit from fair value difference (Note 31/c)	(40 428 094)	--	(40 428 094)
Discount	3 096 462	2 283 376	5 379 838
Premium	(1 426 376)	(356 471)	(1 782 847)
Ending balance	**184 604 640**	**1 491 058 980**	**1 675 663 620**

- On September 28th, 2016, the Egyptian Treasury bonds were reclassified in the Egyptian Pound at their fair value at the date of reclassification the available investments for sale to the financial investments held to maturity date.
- In accordance with the decision of the Board of Directors held on 30th October 2016, the fair value reserve for financial investments available for sale was recognized in US Dollars instead of the Egyptian Pound. As the property rights in the US dollar currency as well as the currency of the presentation of the financial statements in US dollars and the non-monetary assets and liabilities are not to be restated as they are measured at historical cost, including property rights and fixed assets,in accordance with the Egyptian Accounting Standards and the rules for preparing and publishing financial statements issued by the Central Bank of Egypt.

31/12/2015			
	Available for sale financial investments	Held To Maturity Financial Investment	Total
	US Dollar	US Dollar	US Dollar
Opening Balance	**2 340 715 831**	**43 162 341**	**2 383 878 172**
Additions	1 227 036 882	640 611	1 227 677 493
Deduction (Selling - Redemption)	(335 630 551)	(4 000 000)	(339 630 551)
Translation differences	(174 989 609)	(287 658)	(175 277 267)
Profit from fair value difference (Note 31/c)	(1 263 291)	--	(1 263 291)
Discount	2 783 360	11 907	2 795 267
Premium	(2 196 498)	(25 368)	(2 221 866)
Ending balance	**3 056 456 124**	**39 501 833**	**3 095 957 957**

Profit from Financial Investment

	31/12/2016	31/12/2015
	US Dollar	US Dollar
Profit From Selling Available For Sale Financial Instruments	543 788	9 067 368
	543 788	**9 067 368**

Adjustments for impairment losses provision of held to maturity financial investments

	31/12/2016	31/12/2015
	US Dollar	US Dollar
Opening Balance	379 576	410 942
Translation differences	(218 945)	(31 366)
Ending balance	**160 631**	**379 576**

20. INVESTMENTS IN ASSOCIATES COMPANIES

The bank's shareholding percentage in associates companies are as follows:

31/12/2016											
	Assets US Dollar	Liability (without shareholders equity) US Dollar	The company's revenues US Dollar	Profit (loss) US Dollar	Company country	Balance as of 1/1/2016 US Dollar	Income from investments in Associates companies – equity method US Dollar	Additions during the year US Dollar	Translation differences US Dollar	Balance as of 31/12/2016 US Dollar	Shareholding %
Cairo National Co. for Trading Securities *	268 802	90 029	70 810	(25 454)	Egypt	154 086	(13 236)	--	(83 643)	57 207	32
Cairo Factoring Company *	5 515 110	5 206 660	667 793	(13 787)	Egypt	259 752	36 173	--	(172 546)	123 379	40
						413 838	22 937	--	(256 189)	180 586	

31/12/2015											
	Assets US Dollar	Liability (without shareholders equity) US Dollar	The company's revenues US Dollar	Profit (loss)US Dollar	Company country	Balance as of 1/1/2015 US Dollar	Income from investments in Associates companies – equity method US Dollar	Additions during the year US Dollar	Translation differences US Dollar	Balanceas of 31/12/2015 US Dollar	Shareholding %
Cairo National Co. for Trading Securities	651 388	168 791	202 645	(14 827)	Egypt	193 465	(10 570)	(14 306)	(14 503)	154 086	**32**
Cairo Factoring Company	15 949 813	15 253 514	1 455 126	(5 329)	Egypt	560 216	(255 230)	--	(45 234)	259 752	40
						753 681	**(265 800)**	**(14 306)**	**(59 737)**	**413 838**	

Been relying on financial statements approved as of September 30, 2016 for investment income, assets and liabilities balances as well as its revenues and profits.

21. INTANGIBLE ASSETS

Franchise	31/12/2016 US Dollar	31/12/2015 US Dollar
Net book value at the beginning of the year	66 153	78 570
Amortization	(3 310)	(6 431)
Translation Differences	(37 241)	(5 986)
Net book value at the ending of the year	**25 602**	**66 153**

22. OTHER ASSETS

	31/12/2016 US Dollar	31/12/2015 US Dollar
Accrued revenue	73 487 264	129 367 299
Prepaid expenses	1 068 223	1 830 039
Advance payments for purchasing fixed assets	10 133 724	16 657 092
Assets reverted to the bank in settlement of debts (net of related impairment)	97 556	230 527
Imprest and insurance	22 677	54 216
Others (net of related impairment)	498 659	1 039 330
	85 308 103	**149 178 503**

23. FIXED ASSETS

	Land	Buildings	Computers & Core Systems	Vehicles	Fixtures & fittings	Equipment	Furniture	Total
	US Dollar	US Dollar	US Dollar	US Dollar	US Dollar	US Dollar	US Dollar	US Dollar
Balance as of 1/1/2015								
Cost	507 007	17 951 295	14 229 996	461 831	7 357 485	2 882 364	799 619	**44 189 597**
Accumulated depreciation	--	(6 010 958)	(12 091 821)	(458 242)	(3 485 843)	(1 875 076)	(568 572)	**(24 490 512)**
Net book value As 1/1/2015	**507 007**	**11 940 337**	**2 138 175**	**3 589**	**3 871 642**	**1 007 288**	**231 047**	**19 699 085**
Additions	--	3 880 985	2 994 663	30 664	3 844 826	487 633	123 354	**11 362 125**
Disposals	--	--	--	(49 370)	--	--	--	**(49 370)**
Translation Differences (Assets balances)	(38 698)	(1 369 151)	(166 213)	(34 655)	(556 750)	(172 339)	(57 048)	**(2 394 854)**
Translation Differences (Accumulated depreciation)	--	460 054	147 157	34 662	266 161	117 764	43 369	**1 069 167**
Depreciation cost	--	(865 381)	(576 225)	(2 397)	(802 768)	(274 004)	(57 733)	**(2 578 508)**
Accumulated depreciation of disposals	--	--	--	20 344	--	--	--	**20 344**
Net book value as of 31/12/2015	**468 309**	**14 046 844**	**4 537 557**	**2 837**	**6 623 111**	**1 166 342**	**282 989**	**27 127 989**
Cost	468 309	20 463 129	17 058 446	408 470	10 645 561	3 197 658	865 925	**53 107 498**
Accumulated depreciation	--	(6 416 285)	12 520 889	405 633	(4 022 450)	(2 031 316)	(582 936)	**(25 979 509)**
Net book value As 1/1/2016	**468 309**	**14 046 844**	**4 537 557**	**2 837**	**6 623 111**	**1 166 342**	**282 989**	**27 127 989**

	Land	Buildings	Computers & Core Systems	Vehicles	Fixtures & fittings	Equipments	Furniture	Total
	US Dollar	US Dollar	US Dollar	US Dollar	US Dollar	US Dollar	US Dollar	US Dollar
Balance of the current financial year								
Net book value as of 1/1/2016	468 309	14 046 844	4 537 557	2 837	6 623 111	1 166 342	282 989	**27 127 989**
Additions	--	7 635 285	3 321 609	--	5 476 550	335 757	106 256	**16 875 457**
Translation Differences (Assets balances)	(59 491)	(342 547)	(585 263)	(51 889)	(1 509 894)	(332 971)	(125 719)	**(3 007 774)**
Translation Differences (Accumulated depreciation)	--	876 444	255 696	51 548	705 405	207 811	77 770	**2 174 674**
Depreciation cost	--	(1 085 382)	(1 303 477)	(905)	(2 260 320)	(392 239)	(93 080)	**(5 135 403)**
Net book value as of 31/12/2016	**408 818**	**21 130 644**	**6 226 122**	**1 591**	**9 034 852**	**984 700**	**248 216**	**38 034 943**
Balance as of 31/12/2016								
Cost	408 818	27 755 867	19 794 792	356 581	14 612 217	3 200 444	846 462	**66 975 181**
Accumulated depreciation	--	(6 625 223)	(13 568 670)	(354 990)	(5 577 365)	(2 215 744)	(598 246)	**(28 940 238)**
Net book value As 31/12/2016	**408 818**	**21 130 644**	**6 226 122**	**1 591**	**9 034 852**	**984 700**	**248 216**	**38 034 943**

24. DUE TO BANKS

	31/12/2016	31/12/2015
	US Dollar	US Dollar
Current Accounts	15 972 911	10 615 195
Deposits	284 364 250	212 829 080
	300 337 161	**223 444 275**
Local Banks	199 997 514	110 355 777
Foreign Banks	100 339 647	113 088 498
	300 337 161	**223 444 275**
Balances without interest	12 437 965	2 422 016
Balances with variable interest	3 335 896	8 088 498
Balances with fixed interest	284 563 300	212 933 761
	300 337 161	**223 444 275**
Current Balances	300 337 161	223 444 275
	300 337 161	**223 444 275**

25. CUSTOMERS' DEPOSITS

	31/12/2016	31/12/2015
	US Dollar	US Dollar
Demand Deposits	235 588 503	251 027 967
Time Deposits and call accounts	1 487 421 065	2 280 579 945
Certificates of savings and Deposit	1 399 953 391	2 569 469 107
Saving Deposits	96 104 434	220 813 702
Other Deposits	121 498 148	149 091 131
	3 340 565 541	**5 470 981 852**
Corporate Deposits	1 863 593 876	2 686 682 138
Individuals Deposits	1 476 971 665	2 784 299 714
	3 340 565 541	**5 470 981 852**
Balances without interest	293 505 904	302 474 204
Balances with variable interest	1 538 461 225	2 405 566 825
Balances with fixed interest	1 508 598 412	2 762 940 823
	3 340 565 541	**5 470 981 852**
Current Balances	1 940 612 150	2 901 512 745
Non-Current Balances	1 399 953 391	2 569 469 107
	3 340 565 541	**5 470 981 852**

26. OTHER LOANS

	31/12/2016	31/12/2015
	US Dollar	**US Dollar**
Loan from Social Fund for Development		
Development Project for Small Entities (New/Standing)	5 280 056	7 064 664
Development project for Small and medium poultry entities (New/ Standing)	572 085	3 137 087
Agricultural development loan – (principal bank /CIB)	4 421 535	3 302 052
Environment commitment loan – (principal bank /NBE)	142 890	192 875
Mortgage finance initiative for low-income (CBE)	906 193	743 395
Subordinated loan - Arab International Bank *	150 000 000	100 000 000
Total Other loans	**161 322 759**	**114 440 073**

- The General Assembly approved in the ordinary general meeting held on February 19, 2013 to execute the Subordinated loan contract with the Arab International Bank (a major contributor to our bank) dated March 18, 2013 with the value of 50,000,000 USD to support the second tranche of base capital to our bank to raise the capital percentage rate adequacy according to Basel in order to maintain the prescribed percentage of the Central Bank of Egypt.
- The duration of this loan is five years starting from March 2013 ending in February 2018 and to be paid at the end of term by February 28, 2018.
- Calculated on the amount of the loan rate of return by ¼% (quarter percent) per annum over LIBOR 6 Months rate and be paid every six months.
- The Board of Directors approved in its meeting held on September 27, 2015 to execute the Subordinated loan contract with the Arab International Bank (a major contributor to our bank) with the value of 50,000,000 USD and The General Assembly approved in the ordinary general meeting held on February 28, 2016 to support the second tranche of base capital to our bank to raise the capital percentage rate adequacy according to Basel in order to maintain the prescribed percentage of the Central Bank of Egypt.

- The loan term is five years, starting from November 4, 2015 and ending on November 3, 2020. The loan shall be fully paid at the end of the period as a lump sum payment by November 3, 2020. Our bank may repay this loan in equal annual installments of not more than 20%.
- - Calculated on the amount of the loan rate of return by 2.5% (two and half percent) per annum over LIBOR 6 Months rate and be paid every six months.

- The Board of Directors approved in its meeting held on September 25, 2016 to execute the Subordinated loan contract with the Arab International Bank (a major contributor to our bank) with the value of 50,000,000 USD and to support the second tranche of base capital to our bank to raise the capital percentage rate adequacy according to Basel in order to maintain the prescribed percentage of the Central Bank of Egypt.
- - The loan term is five years, starting from November 2, 2016 and ending on November 1, 2021. The loan shall be fully paid at the end of the period as a lump sum payment by November 1, 2021. Our bank may repay this loan in equal annual installments of not more than 20%.
- - Calculated on the amount of the loan rate of return by 4% (four percent) per annum over LIBOR 6 Months rate and be paid every six months.

27. OTHER LIABILITIES

	31/12/2016	31/12/2015
	US Dollar	**US Dollar**
Accrued interest	40 531 156	70 531 792
Unearned revenue	808 907	1 307 099
Accrued expenses	1 168 316	1 256 466
Dividends payable*	23 614	23 959
Sundry credit balances	54 244 368	77 513 492
	96 776 361	**150 632 808**

- This balance represents dividends of shareholders for prior years and the ones concerned did not come forth to cash them.

28. OTHER PROVISIONS

31/12/2016

Description	Balance at The Beginning of the year	Translation Differences	Charged to Income Statement Note (11)	Used during the year	Refunds during the year	Year-end Balance
	US Dollar	US Dollar	US Dollar	US Dollar	US Dollar	US Dollar
Provision for potential claims	12 338 133	(1 605 092)	--	(140 934)	94 939	10 687 046
Provision for contingent liabilities	1 945 578	(789 676)	51 123	--	--	1 207 025
Litigations provision	123 437	(71 200)	--	--	--	52 237
	14 407 148	(2 465 968)	51 123	(140 934)	94 939	11 946 308

The provision was formed by the expected fully bearing value, and it is expected that provision will be fully used during the subsequent periods.

31/12/2015

Description	Balance at The Beginning of the year	Translation Differences	Charged to Income Statement Note (11)	Used during the year	Adjustments Transferred from other credits	Year-end Balance
	US Dollar	US Dollar	US Dollar	US Dollar	US Dollar	US Dollar
Provision for potential claims	3 209 586	(250 989)	10 000 000	(620 464)	--	12 338 133
Provision for contingent liabilities	2 442 672	(120 375)	(376 719)	--	--	1 945 578
Litigations provision	126 281	(9 573)	--	--	6 729	123 437
	5 778 539	(380 937)	9 623 281	(620 464)	6 729	14 407 148

29. DEFERRED TAX ASSET /(LIABILITY)

	31/12/2016	31/12/2015
	US Dollar	US Dollar
Balance at beginning of the year assets (liability)	(351 940)	(548 216)
Additions (Note 13)	--	196 276
Exclusions (Note 13)	(86 177)	--
Balance at the end of the year asset/(liability)	(438 117)	(351 940)

30. CAPITAL

	No of Shares (Per million)	Nominal value per share	Total
	US Dollar	US Dollar	US Dollar
Balance as of 1/1/2015	**15**	**10**	**150 000 000**
Balance as of 31/12/2016	**15**	**10**	**150 000 000**

The Authorized capital on 31 December 2016 amounting to US Dollar 200 million with a nominal value US Dollar 10 per share, the issued and fully paid capital before increasing amounting to US Dollar 150 million divided on 15 000 000 shares of nominal value US Dollar 10 per share.

31. RESERVES AND RETAINED EARNINGS

	31/12/2016	31/12/2015
	US Dollar	US Dollar
Reserves		
General Banking Risks Reserve (A)	10 382 224	8 885 955
Legal Reserve (B)	63 156 304	58 872 767
General Reserve	16 291 493	14 291 493
Capital Reserve	1 283 960	1 127 892
Fair Value Reserve-available for sale financial investments (C)	(28 451 258)	14 430 718
Special Reserve (D)	3 337 162	3 337 162
Total reserves at the end of the year	**65 999 885**	**100 945 987**

RESERVES MOVEMENTS ARE AS FOLLOW:

	31/12/2016	31/12/2015
	US Dollar	US Dollar
A -General Banking Risks Reserve		
Balance At Beginning Of The Year	8 885 955	5 455 605
Transferred from the Retained earning	1 496 269	3 430 350
Balance At the End Of The Year	10 382 224	8 885 955

Under instructions of the Central Bank of Egypt to create bank risk reserve to encounter unforeseen risks, this reserve is distributed only after obtaining the approval of the Central Bank of Egypt.

	31/12/2016	31/12/2015
	US Dollar	US Dollar
B –Legal Reserve		
Balance At Beginning Of The Year	58 872 767	55 422 896
Transferred from profit of the year	4 283 537	3 449 871
Balance At Ending Of The Year	63 156 304	58 872 767

In accordance with the initial statute of the bank, 10% of the net profit of the year is retained to feed the legal reserve until the balance reaches 50% of the paid up capital, and the decrease of the reserve less than half specifies to return to truncation.

	31/12/2016	31/12/2015
	US Dollar	US Dollar
C -Fair value Reserve-available for sale financial investment		
Balance At Beginning Of The Year	14 430 718	16 610 067
Net profit resulting from change in fair value (Note 19)	(40 428 094)	(1 263 291)
Translation differences	(2 453 882)	(916 058)
Balance At Ending Of The Year	(28 451 258)	14 430 718

Application of the presentation rules of banks' financial statements and the basis of recognition and measurement basis approved by the Board of Directors of the Central Bank of Egypt in its session on 16 December 2008, that are recognized directly in equity with profits and losses arising from changes in fair value of available-for-sale financial investments for this item, and that until the asset is excluded or impaired its value, then it is recognized in the income statement as gains and losses previously recognized in equity.

D- SPECIAL RESERVE

Requires the application of rules of preparation and presentation of financial statements and recognition and measurement basis approved by the Board of Directors of the Central Bank of Egypt in its session on 16 December 2008 amendments to the comparative figures for the first financial year to start the application which affects the balance sheet (Comparative figures) and income statement (previous financial year) for some items without the other, so that the net effects of adjustments which was exported through retained earnings to special reserve of equity which are used only with the approval of the Central Bank of Egypt.

E -RETAINED EARNINGS

	31/12/2016	31/12/2015
	US Dollar	US Dollar
Balance At Beginning Of The Year	47 796 384	39 232 137
Net profit of the financial year	48 522 896	42 991 441
Distributions for shareholders	--	(16 000 000)
Employees' share in profit	(10 188 000)	(8 460 000)
Board of directors' remuneration	(2000 000)	(1 440 000)
Transferred to general banking risks reserve (Note 31/a)	(1 496 269)	(3 430 350)
Transferred to legal reserve	(4 283 537)	(3 449 871)
Transferred to general reserve	(2000 000)	(1 500 000)
Transferred to capital reserve	(156 068)	(146 973)
Balance At Ending Of The Year	**76 195 406**	**47 796 384**

The Proposed appropriation account of the year ended at December 31, 2015 by Ordinary General Assembly of the Shareholders, February 28, 2016 with the detention of the cash share of the shareholders. Which amounting to 20 000 000 US dollar of retained earnings.

32. DIVIDENDS

Dividends are not recorded until the approval of the General Assembly of Shareholders. The Board of Directors proposes to the Assembly which will be held on February 26, 2017 to distribute US Dollar 10 188 000 as Employees share in profit and US Dollar 2 000 000 as Board of directors remuneration (The actual dividends amounting US Dollar 10 188 000 for the employees and US Dollar 2 000 000 as Board of directors remuneration for the comparison year) this decision is not recognized in these financial statements and the Distributions for shareholders, Employees share in profit and the board of directors remuneration will be recorded in the equity distributed from the retained earnings in the financial year ending December 31, 2017.

33. CASH AND CASH EQUIVALENT

For the purpose of presenting the cash flow statement, cash and cash equivalents include the following balances maturing within less than 3 months from the date of acquisition.

	31/12/2016	31/12/2015
	US Dollar	**US Dollar**
Cash and balances with central bank	21 692 029	23 679 483
Due from banks	171 277 825	234 456 603
	192 969 854	**258 136 086**

34. CONTINGENT LIABILITIES AND COMMITMENTS

A- CAPITAL COMMITMENTS

The bank's contracts for capital commitments amounted to US Dollar 9 128 062 at 31 December 2016 representing purchase of fixed assets contracts, such as branches constructions and pormotions, and the management have a sufficient confidence to achive net revenue and the availability to cover those commitments.

B- COMMITMENTS FOR LOANS, GUARANTEES AND FACILITIES

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

	31/12/2016	31/12/2015
	US Dollar	**US Dollar**
Commitments for loans	460 571 218	871 193 686
Customers Acceptances	15 236 957	25 409 626
Letters Of Guarantee	71 030 807	103 037 764
Letters Of Credit (Import)	24 079 971	34 566 685
Letters Of Credit (Export)	392 034	2 681 226
	571 310 987	**1 036 888 987**

C- LEASING CONTRACTS COMMITMENTS

The total minimum lease payments for finance leases as follows :

	31/12/2016	31/12/2015
	US Dollar	US Dollar
Not more than one year	268 891	362 947
More than one year and less than five years	482 121	706 177
	751 012	1 069 124

35. TRANSACTIONS WITH RELATED PARTIES

The Bank deals with related parties on the same basis, when dealing with others, and the nature of the most important transactions and balances in the balance sheet date are as follows:

	31/12/2016	31/12/2015
	US Dollar	US Dollar
Nature of transactions		
Due from banks	161 041 998	101 708 965
Loans and credit facilities to customers	4 778 691	9 992 772
Other assets	200 233	306 919
Due to banks	39 617 612	25 511 692
Customers' deposits	177 672 142	209 128 201
Other loans	150 000 000	100 000 000
Other liabilities	36 668	36 718

36. MUTUAL FUNDSTHE FIRST FUND

THE FIRST MUTUAL FUND FOR SAIB – ACCUMULATED FUND

- The mutual fund is one of the banking activities authorized for the bank according to Capital Market Law No. 95 for the year 1992 and its executive regulation. The Fund is managed by Prime Investments for Managing Financial Securites.
- The Bank established the first investment fund under the license of the Egyptian Financial Supervisory Authority No. (133) issued on February 28th 1996 with a nominal value of LE 500 for the fund document. On 13 March 2007, the Capital Market Authority approved the value of the fund document by 1: 5 Egyptian instead of 500 Egyptian pounds; and the Article (6) of the prospectus of the First Fund was amended on 29th March 2007.

- The number of the certificates reached 69 680 with a total value of US Dollar 381 463 the bank's portion 19 000 certificates with a nominal value of US Dollar 104 015 to proceed the fund activity.
- The recoverable amount for the certificate reached LE 738.68 on the date of the balance sheet equivalent to US 40.44

THE SECOND FUND – THE SECOND MUTUAL FUND FOR SAIB – ACCUMULATED INTERIM RETURN FUND AND FREE CERTIFICATES

- The mutual fund is one of the banking activities authorized for the bank according to Capital Market Law No. 95 for the year 1992 and its executive regulation. The Fund is managed by Prime Investments for Managing Financial Securites.
- The bank established the second mutual fund Under license no 178 issued from Financial Supervisory authority on September 4,1997 with a nominal value of LE 100 for each.
- The number of the certificates reached 85 737 with a total value of US Dollar 469 367 the bank's portion 26 000 certificates with a nominal value of US Dollar 142 337 to proceed the fund activity.
- The recoverable amount for the certificate reached LE 502.83 on the date of the balance sheet equivalent to US Dollar 27.53

THE THIRD FUND (EL RABEH) – THE THIRD MUTUAL FUND FOR SAIB - INTERIM RETURN FUND

- The mutual fund is one of the banking activities authorized for the bank according to Capital Market Law No. 95 for the year 1992 and its executive regulation. The Fund is managed by EFG Hermes Holding instead of Prime Investments for Managing financial Securities since its related management contract has been treminated as at 4th November. 2013.
- The bank established the third mutual fund on December 31,1998 through general finance controlling authority license no. (248) with a nominal value of LE 100 for each
- On April 22,2007 the name of the fund changed from the third fund to be (EL RABEH).
- The number of the certificates reached 271 746 with a total value of US Dollar 1 487 673 the bank's portion 50 000 certificates with a nominal value of US Dollar 273 725 to proceed the fund activity.

- The recoverable amount for the certificate reached LE 130.85 on the date of the balance sheet equivalent to US Dollar 7.16.

THE FOURTH FUND (SANABEL) – THE FOURTH MUTUAL FUND FOR SAIB – ACCUMULATED INTERIM RETURN FUND

- The mutual fund is one of the banking activities authorized for the bank according to Capital Market Law No. 95 for the year 1992 and its executive regulation. The Fund is managed by HC for securities instead of Prime Investments for Managing Financial Securities since December 21, 2011.
- The Bank established the Sanabel Investment Fund in accordance with Islamic Sharia Law in cooperation with the Abu Dhabi Islamic Bank - Egypt (formerly the National Bank for Development) under the license of the Capital Market Authority No. (377) of 20th December 2006 with a nominal value of LE 100.
- The number of the certificates reached 404 025 with a total value of US Dollar 2 211 835 the bank's portion 74 085 certificates with a nominal value of US Dollar 405 578 to proceed the fund activity.
- The recoverable amount for the certificate reached LE 124.25 on the date of the balance sheet equivalent to US Dollar 6.80

THE DAILY CASH FUND – THE FIFTH MUTUAL FUND FOR SAIB – ACCUMULATED DAILY RETURN FUND

- The mutual fund is one of the banking activities authorized for the bank according to Capital Market Law No. 95 for the year 1992 and its executive regulation. The Fund is managed by Blton Mutual fund management.
- The bank established the daily cash fund on June 4,2014 through general finance controlling authority license no. (691) with a nomianl value of LE 10 for each.
- The number of the certificates reached 9 996 499 with a total value of US Dollar 5 472 583 the bank's portion 958 233 certificates with a nominal value of US Dollar 524 585 to proceed the fund activity.

- The recoverable amount for the certificate reached LE 12.30 on the date of the balance sheet equivalent to US Dollar 0.67

TAX POSITION

A- SOCIETE ARABE INTERNATIONALE DE BANQUE

FIRST: CORPORATE TAX

YEARS FROM THE DATE OF COMMENCEMENT OF ACTIVITIES TILL 2004

- The bank was inspected for these years and the related due taxes were paid.

YEARS FROM 2005 TILL 2006

- The bank was inspected for these years in accordance with Law no. 91 for the year 2005, The Bank objected to the claim and referred the dispute to the internal committees, the dispute with the Tax authority has finished and resulted in tax losses.

YEARS FROM 2007 TILL 2015

- The tax returns for those years were prepared and submitted on due dates in accordance with Law No. 91 for 2005.

SECOND: SALARY TAX

YEARS FROM THE DATE OF COMMENCEMENT OF ACTIVITIES TILL 2013

- The bank was inspected for these years and the related due taxes were paid.

YEARS FROM 2014 TILL 2016

- The Bank calculates, deducts and remits the salary tax on due dates in accordance with Law No. 91 for 2005, and are currently under inspection by large taxpayer center.

THIRD: STAMP TAX

YEARS FROM THE DATE OF COMMENCEMENT OF ACTIVITIES TILL 2007

- The Tax Authority inspected the bank for these years and the bank paid the due tax differences.

YEARS FROM JANUARY 1, 2008 TILL DECEMBER 31, 2016

- The Bank shall pay the tax payable every three months in accordance with the provisions of Law No. (111) of 1980 and its amendments.

B- THE POSITION OF SAIB - PORT SAID (PORT SAID NATIONAL BANK FOR DEVELOPMENT - PREVIOUSLY) THAT HAS BEEN MERGED ON JANUARY 1, 2008 WITH SOCIETE ARABE INTERNATIONAL DE BANQUE (SAIB).

FIRST: CORPORATE TAX

YEARS FROM THE 1981 TILL 1997

- The bank was inspected and the related due taxes were paid for corporate tax from the beginning of activity July 1981 to 30 June 1997.

YEARS FROM 1998 TILL 2002

The dispute with the Tax authority was finalized, and the related due taxes were paid. The dispute on the portion of capital increase was transferred to the judicial court.

YEARS FROM 2003 TILL 2004

The dispute with the Tax authority was finalized, and the related due taxes were paid, the dispute on the portion of capital increase interest are transferred to the judicial court.

YEARS FROM 2005 TILL 2007

- Tax returns were submitted in accordance with the Law (91) of 2005 on the legal due dates of the competent tax offic

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Telephone: (066) 3230714
Fax: (066) 3237601

Nouras:
El Nouras Touristic Village, Tarh el Bahr Street – Port Said
Telephone: (066) 3221454
Fax: (066) 3220154

EL MANSOURA

Mansoura:
4 Toryel Street, Mansoura – Dakahleya
Telephone: (050) 2304030
Fax: (050) 2304031

SUEZ

Suez:
8 Hafez Ibrahim Street
P.O. 36 Suez
Telephone: (062) 3223072
Fax: (062) 3223070

TANTA

Tanta:
2 El Ashraf Street
P.O. 19
Telephone: (040) 3272357
Fax: (040) 3272358

DAMIETTA

Damietta:
El Shark Insurance Bldg., Kornish El Nile Street
Telephone: (057) 2363777
Fax: (057) 2365557

EL MAHALA EL KOBRA

El Mahala El Kobra:
36 Shoukri El Koatli Street
P.O. 36
Telephone: (040) 2243514
Fax: (040) 2243513

LUXOR

Luxor:
El Fayrouz District behind the International Hospital
P.O. 36
Telephone: (095) 2285103
Fax: (095) 2285102

ASSIUT

Assiut:
El Helaly and Corniche El Nile Street Intersection
P.O. 39
Telephone: (088) 2283784
Fax: (088) 2283785

COMING SOON

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9 Adly Basha Street, Cairo
Telephone: (02) 23962852
Fax: (02) 23962857

Obour:
Entertainment Area Block 4 No. 25025, Ninth District, Obour City

Shooting Club:
50 Shooting Club Street, Dokki, Giza
Telephone: (02) 37621396 – (02) 37621397
Fax: (02) 37621395

Zamalek:
12 AL Saleh Ayoub Street, Cairo
Telephone: (02) 27378307 – (02) 27378308
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