AiBK | بنك الاستثمار العربى
Arab Investment Bank

Annual Report 2016

بنك الاستثمار العربي
Arab Investment Bank

Annual Report for 2016

Overview of the Bank

- AIBK was established in 1974 as an investment and commercial bank under the supervision of the Central Bank of Egypt (CBE). AIBK started its operation in 1978 with a capital of USD 40 million, which was increased to EGP 1 Billion in 2016, with participation of 91.42% from the National Investment Bank and 8.58% from the Federal Arab Republic.
- AIBK provides all types of banking services to individuals through different retail banking products, investment and treasury services, as well as Islamic banking services for which a solid legislative committee is dedicated to work according to Islamic banking standards. That is besides services provided to companies and incorporations through participating in financing national mega projects via syndicated loans, which are of great importance for the national economy as well as the Bank. Moreover AIBK finds out a link between national projects and SMEs, which are seem to be the driving force for achieving socio-economic development currently.
- AIBK provided its services to all its clients through (20) branches spread all over Egypt, yet, it is working on expanding geographically, and opening new branches, including mini branches and Islamic branches, to reach a total of 46 branches in 2017/2018. In addition to expanding its ATM network to cover most vital places.
- AIBK is keen on maintaining client satisfaction through providing distinctive services. It seeks to acquire the most updated IT systems to enhance performance and raise the level of its banking services. The Bank is also focusing on enhancing the competencies of its staff through extensive training using the most advanced programs.

Board of Directors

Mr. Mohamed Hany Seif El Nasr
Chairman and Executive Managing Director

Ms. Rafahya El Sayed Hussein	Board Member representing **Central Bank of Egypt**
Mr. Alaa El Din Fekry	Board Member representing **National Investment Bank**
Mr. Ramadan Ahmed Ibrahim	Board Member representing **National Investment Bank**
Mr. Hesham Lotfy Eissa	Board Member representing **National Investment Bank**
Mr. Abd El-Halim Mohamed Omar	Board Member representing **National Investment Bank**

Board Secretary

Ms. Mona Ahmed Ramadan	General Secretary to the Board

Attainment Of Perfection In Leadership & Excellence

Chairman's Statement

We are pleased to submit the annual report for the financial year ending on 31 December 2016, which reflects AIBK's results and indicators during the year. AIBK has succeeded again for fifth year in a row owing to its management's informative and stable vision, as a result of the implementation of the reform program, restructuring and development of systems and policies throughout the Bank, and fostering a culture of change and challenge to maintain AIBK's pioneering place and to achieve the highest growth rates and highest competition levels in order to meet the needs and desires of AIBK's clients.

- Results reflect improvement in financial statements, earning EGP 23.9 billion on 31/12/2016 as compared to EGP 12.8 billion on 31/12/2015, showing a growth rate of 87% and 420% as compared to 2011.
- AIBK also realized net earnings before provisions and taxes amounting EGP 481.3 million for the financial year ending on 31/12/2016 compared to EGP 285.7 million in 2015 with a growth rate of approximately 70% and 284% as compared with 2011. Moreover, Net earnings after provision, impairment and taxes on 31/12/2016 amounted to EGP 122.2 million as compared to EGP 76 million on 2015, with a growth rate of 61% and 95% as compared to 2011. This has been achieved in spite of hedging, reserves and impairment, according to regulatory policies and standards. Revenue was distinctively operational profit as a result of expanding all banking activities.
- On 31/12/2016, client deposits reached EGP 20.4 billion as compared to EGP 11 billion during the previous year with a growth rate of 85.5% and 537.5% as compared to 2011, in addition to improved cost, type and maturity dates of deposits.
- Regarding loans and facilities granted to clients, they reached an amount of EGP 9.4 billion on 31/12/2016 as compared to EGP 5.6 billion in 2015, with a growth rate of 68% after the deduction of required provisions for the portfolio. In addition to the improved type, degree, worthiness, rating/ classification of clients and diversification of activities, while decreasing risks with a growth rate of 161% as compared to 2011.
- Net earnings from revenue amounted to EGP 613.4 million in 2016 compared to EGP 376.1 million in 2015 with a growth rate of 63% and 268% as compared to 2011.
- Non performing loans have reached approximately EGP 1.4 billion, representing 15.2% of the total loan portfolio, which is covered with necessary provision and Impairment reaching EGP 1.1 billion, representing approximately 76.7% of the net non-performing loans according to the accounting standards applied by CBE and supervisory authorities.

- AIBK has also been keen on to take an active role and to participate in social responsibility that directly meets part of the people's educational, health and economic needs. AIBK donated to several social projects, developing slum areas and providing governmental hospitals requirements. Out of its belief in the important role of social responsibility in bringing forward development among society, AIBK's Board of Directors approved to establish AIBK Foundation for Development. This is non-profit organization that will use the donations received from AIBK or other entities to contribute in supporting and developing the society in different fields so as to achieve social solidarity and sustainable development, and to foster the values of humanity for all members of the society.

- Finally, I would like to thank our customers for their confidence in our Bank and would also like to thank my colleagues for their efforts to realize these accomplishments.

- I would like to assure our customers that we will continue the achievement we started in order to realize our desired targets and the ambitious strategy that would place AIBK in a distinctive place among Egyptian banks in terms of both growth and efficiency.

Mohamed Hany Seif El Nasr

Chairman and Managing Director

AIBK's Strategy

The Strategy reflects the Board of Directors, top management as well as the employees' willingness to complete the success achieved and have the Bank reach a distinctive place among the best ten banks in the Egyptian banking market in terms of growth and efficiency, owing to the key determinants of the strategic goals that can be summarized as follows:

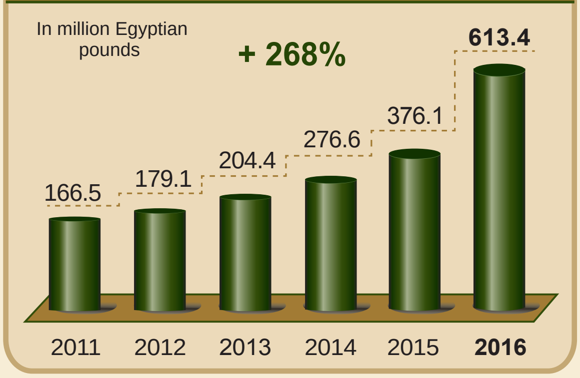
- Continuing to achieve distinctive growth rates with special focus on reaching the best efficiency rates (operation - cost - productivity - profitability) in the Egyptian banking market.
- Expand the Bank's market share according to an ambitious plan to have branches all over Egypt, besides the diversity and inclusion of the banking products and services, to cover all customer demands.
- The Bank's effective contribution to the ambitious development plan to the Egyptian economy, through contributing to financing national mega projects and to have presence, with its banking and financial services, in targeted development areas (Suez Canal Axis, Sinai development, Golden Triangle, the 1.5 Million Feddans Project, North Coast development, Upper Egypt development…etc.)
- To effectively contribute to providing funds and all types of banking services to SMEs and to have a pioneering role in this field.
- To focus on the concepts of development and inclusive quality when it comes to providing banking products and services and concerning operations, manuals/ directives, work systems and IT infrastructure, in addition to capacity building and enhancing the performance of employees, besides fostering a suitable climate that stimulates innovation and creativity among them.

Plans For Continuous Success

Most Significant Financial Indicators up to December 2016

Total budget development

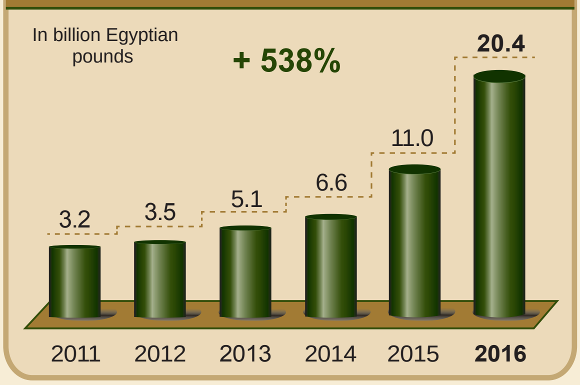
Net interest income development



Net loans & advances to customers development

Net profits before provisions & taxes development

Customers' deposits development



Net profits development

Development To Face Challenges

Overview Of The Bank's Sectors Activities

Customers' Satisfaction Is Our First Priority

The Bank's Sectors Activities

- SMEs Sector
- Real Estate Financing Sector
- Retail and Marketing Sector
- VIP Customer Sector
- Treasury and Trading Sector
- Operations Sector
- Investment Sector
- Risks Sector
- Financial Institutions & Correspondent Banking Sector
- Governance & Compliance Sector
- HR and Training Sector

SMEs Sector:

As the State is keen on enhancing the small and medium enterprises sector, being the engine of economic growth, the Bank has given special interest to establishing a special sector for these small and medium enterprises, which has been provided by highly qualified staff. It has also given special care to training after the highest specifications so that this Sector may provide distinguished banking and credit service.

In this regard, the Bank has performed several achievements:

- It has concluded contracts with the (Development Social Fund), whereby it has obtained two financing lines with subsidized interest rate for the small and medium enterprises. Other contracts are currently being concluded for obtaining new financial lines.

- Finance is also provided through (Partners) Programs, launched during 2015, covering all the needs of such projects (Machinery & equipment, means of transportation, information technology, premises fittings, stock & working capital, medical care, pharmacies) in order to conform with the Central Bank's initiative for financing small enterprises.

As Our Bank has effectively participated in the Central Bank's initiative for financing small and medium enterprises and the contracts of the (Development Social Fund), this resulted in the increase of the financing portfolio of such projects so as to reach 37% of the Bank's total portfolio by the end of 2016.

Real Estate Financing Sector:

- In the light of Our Bank's endeavor to realize higher growth rates of granting real estate finance, pursuant to the initiative of the Central Bank of Egypt, the Bank has intensified its cooperation with the (Real Estate Finance Fund) in order to finance the investors in low-income housing units all over the Republic.

- Accordingly, it provided finance at different areas such as Al Shorok, Badr, Tenth of Ramadan, Hadayek October , Al Khanka, October, New Menia, in addition to providing finance to individuals of medium and above-medium income at several residential compounds, whether those with which cooperation agreements have been previously concluded or those regarding which the necessary procedures are currently being accomplished for signing cooperation protocols, at various zones including Nasr City, Heliopolis, Obour, Al Ahram Hill and Mokatam.

- In order to realize diversity in the Bank's current real estate financing portfolio, so as to comprise all categories targeted by the real estate financial initiative, launched by the Central Bank of Egypt, an agreement has been concluded with the (Real Estate Finance Fund), to cooperate in financing investors of the above low-income category, which units have been erected in several new cities.

Retail and Marketing Sector:

- AIBK has an ambitious strategy for the retail banking sector aiming to achieve geographical expansion either for integrated or retail branches.
- Our purpose is to expand in response to the needs of the bank's customers while working hard to support new branches with outstanding caliber.
- A bundle of attractive, competitive banking products have been launched to all customers segments including time deposits, saving accounts, saving certificates with different maturity and competitive interest rates, that is besides, the issuance of a wide range of cards that suit all needs, including credit, installment, debit, payroll and prepaid cards as well as providing personal and car loans in addition to Islamic products through Islamic branches, for which AIBK is known to be unique.
- AIBK is currently preparing for the introduction of electronic services according to the highest quality and competitive banking standards, either through the internet or smart phones.

VIP Customer Sector:

AIBK has established a sector for VIP customers that aims at attracting new heavy weight clients. It also aims to encourage existing clients to increase their investments while providing suitable financial investments to manage their funds in the most appropriate fields with competitive interest rates tailored to meet each client’s needs, in addition to the rapid provision of all types of banking services according to international performance standards.

Treasury and Trading Sector:

- The Sector manages the Bank's general balance sheet, the cash flows surplus and deficit, deposits all financial surpluses in the deposits market and activates trading at the stock markets. Trading is effected in each of the foreign sector operations and the cash market products in favour of both of the Bank and its customers. The Bank has been provided with direct communication channels, connecting it with the local & international stock markets, enabling it to analyze such markets.
- Although the Central Bank has increased the interest rates in 2016 at 5.50% and liberates the Egyptian Pound exchange rate, leading to decreasing its real value, and in spite of all these challenges and difficulties, yet the performance indicators of the (Treasury Sector) have not been influenced. The Sector's net profit of trading in fixed income instruments for the year 2016 amounted to 45 million Egyptian Pounds, against 20 million Egyptian Pounds for the previous year, 2015, resulting in a growth rate of 125%. Likewise, in spite of the severe decrease of the Bank's resources of the exchange market, due to the circumstances which that market underwent during that period, yet the net profits of foreign currencies sale and purchase operations during 2016 reached 16.3 million pounds.
- The (Treasury Sector) also achieved total collected interests during 2016 in the amount of 1.69 billion Egyptian Pounds, against 500.2 million Egyptian Pounds for the previous year 2015. Furthermore, the total balance of customers' deposits as at December 31, 2016 reached 20.3 billion pounds, against 10.4 billion Egyptian Pounds in 2015, due to the re-pricing of some products and deposits and displaying them at the market with competitive prices and re-investing them according to the opportunities available at the market, leading to the realization of the highest possible interest.

Operations Sector:

Pursuant to the strategy laid down for the Bank's development, the Operations Sector maintained assuming its substantial and effective role, providing its diversified banking services, including the following, to name but a few:

- Opening documentary credits to the import customers, reporting and confirming documentary credits for the export customers, implementing the import and export collection documents operations, issuing domestic and international letters of guarantee for all customers through the (Trading Finance Center).

- Supervising the process of paying the salaries and pensions of the State Personnel.
- Enforcing transfers centrally issued and received, in local and foreign currencies, by swift and the automated clearing house.
- Supervising the government automated clearing system operations (taxes & customs) carried out via the Bank's branches.
- Collecting cheques and bills of exchange centrally.
- Issuance of all types of credit and debit cards.

Risks Sector:

This sector aims to develop and reinforce the risk management culture at AIBK.

It also acts as a fundamental tool for the successful achievement of AIBK’s goals.

The Risks Sector determines, measures and follows up all types of risks (credit, operational, market and liquidity, credit implementation and follow up & investigation...etc.), while taking the necessary steps to fix and manage them to mitigate their impact. That is besides participating in evaluating the portfolio strategy and preparing the required reports, for which a professional methodology is followed, including action policies, procedures and rules in line with the nature & volume of AIBK’s different activities.

Financial Institutions & Correspondent Banking Sector:

During 2016, the financial institutions and correspondent banking sector continued successfully building strong long term relationships with its network of leading banks & financial institutions while also expanding its correspondents' network to meet the different needs of our clients.

Furthermore, the bank opened new accounts in Chinese Yuan and the Swedish Krona. Also, the sector has concluded a number of agreements that have contributed to the bank's liquidity and profitability.

Investment Sector:

First - Direct Investments:

AIBK has direct investments in numerous companies in various sectors, as shown below:

Economic Sectors	Percentage in Total Portfolio
Real Estate	50.68%
Industry	3.47%
Services	20.82%
Finance and Business	18.97%
Tourism	5.73%
Trade	0.09%
Food Security	0.24%

Second - AIBK Investment Funds :

AIBK established 3 investment funds to fulfill different customers' investments needs:

- **AIBK's First Fund- Money Market Fund (daily return):** invests in short term securities, with daily subscription and redemption.

- **AIBK's Second Fund: "Helal":** Invests in companies' stocks listed on the Egyptian and according to Islamic legislation.

- **AIBK's Third Fund- Sanady:** Invests in high risk securities such as treasury bills & bonds.

Governance & Compliance Sector:

AIBK has always been keen on abiding by all regulatory instructions, and developing internal auditing systems to cope with the best auditing practices, through applying three pillars:

- **First Pillar - Governance:**

Development of a governance system and working on applying it in proportion to the volume of business and AIBK's capability to absorb risks, in a manner that would insure avoidance of conflict of interest, to foster the culture of good governance, transparency, integrity, objectiveness and accountability. Within this context, the sector has been keen on informing all employees about AIBK's code of ethics.

- **Second Pillar - Compliance:**

Reinforcement of banking inclusive compliance concepts with its wide notion, which includes all laws, instructions and recommendations on local and international levels, while verifying the extent of application of the auditing standards and controls issued by CBE or any other monitory body as well as the applicable laws.

- **Third Pillar - Anti-Money Laundering and Terrorism Financing:**

AIBK has been keen on abiding by anti-money laundering and terrorism financing laws whether local or international ones, through applying the CBE law concerning this matter and applying rules for KYC issued by the anti-money laundering unit, in addition to complying with the recommendations issued by FATF. Further, AIBK has shown great interest to train all its employees in this field.

The sector has taken all necessary measures concerning FATCA, as the reports were sent on regular basis to the IRS on our clients, subject to the law, in line with the terms and conditions of the Law.

HR and Training Sector:

- Within the framework of the Bank's ambitious strategy for sustainable development, and in the light of the efforts exerted by the various sectors, both domestically and internationally, the Human Resources Sector gives special priority to the development of the efficient human resources at the bank so as to guarantee that the customer shall receive the best and most refined banking services, after the most up-to-date development methods, commensurate to the future evolution plan adopted by the Bank.

- We work on providing an effective business atmosphere, supporting the spirit of stability and loyalty enjoyed by the employee at the Corporation, in a way urging him to participate effectively to its targets. We also work on providing the requirements of the Bank's development strategy, by means of attracting the most efficient and distinguished human elements at the banking market as well as attracting the fresh graduates through the teaching and training initiatives at the various sectors.

- We accurately plan for enhancing the employees potentialities and keeping pace with their ambitions through laying down modern performance management systems, updating training methods to comprise scientific, practical, local, international, technical and administrative training.

- As the bank employee is the core of development, we are keen on enforcing mechanisms supporting professional promotion in order to prepare a second staff of the future leaders at the banking sector. Shortly, we aim at realizing the "Best Business Environment at the Banking Sector".

AIBK's Social Responsibility

Out of AIBK's belief in its social responsibility, which is no longer confined to the concept of philanthropic activities, but has come to include securing effective mechanisms to face current challenges and find solutions to problems that impede economic growth, and contribute to the development of the society.

AIBK has donated to several social projects and has provided governmental hospitals with some of their requirements, as outlined hereinafter:

- Provision of cardiac catheterization equipment to Ain Shams University hospitals, which would help improve the quality of therapeutic services to Egyptian citizens, in terms of accurate diagnoses of cases and reducing waiting lists.
- Provision of anesthetic apparatuses for ophthalmology diagnoses and treatment at Cairo University hospitals.
- Donations to Hospital 57357 for Children's Cancer.
- Donations to the Breast Cancer Foundation of Egypt.
- Donations to develop informal settlements.
- Donations to the Egyptian Food Bank and sponsoring its fundraising campaigns.

« Recognizing the importance of social responsibility, AIBK's Board of Directors approved to establish AIBK Foundation for Development, a non-profit organization that will provide donations received from AIBK and other external sources to contribute to community development in various fields to realize social solidarity, sustainable development and foster the values of human rights and good for mankind among members of the society. »

بنك الاستثمار العربى
Arab Investment Bank

AiBK

بيت الزكاة والصدقات أموال الزكاة
وأموال الصدقات والتبرعات
حساب 7777 - 8888
بالعملة المحلية والاجنبية

تحيا مصر
حساب 037037
بالعملة المحلية والاجنبية

مستشفى سرطان الأطفال
حساب 57357

بنك الطعام
حساب 888777

مؤسسة مصر الخير
حساب 100100

مؤسسة معا لتطوير العشوائيات
حساب 444/ 333
بالعملة المحلية والاجنبية

مؤسسة صناع الحياة مصر
حساب 999888

المعهد القومى للأورام الجديد
حساب 500500

جمعية نور على نور للأعمال الخيرية
حساب 350035

مؤسسة وفاء لمصر
(مؤسسة خيرية) التبرع لجمع مساهمات
لصالح مستشفى الجامعى التخصص
(ابو الريش اليابانى)
حساب 555557

صندوق إنقاذ التراث المصرى
حساب 7000/7000
بالعملة المحلية والاجنبية

حملة دعم بيت العائلة المصرية
لترميم دور العبادة
حساب 111111
بالعملة المحلية والاجنبية

المعهد القومى للأورام - جامعة القاهرة
حساب 777

مدينة زويل للعلوم والتكنولوجيا
حساب 1000/ 1000
بالعملة المحلية والاجنبية

Auditors' Report

Assessment To Improve Achievements

Auditors' Report
to the Shareholders of Arab Investment Bank "Federal Joint Stock Company"

- Report on the financial statements
- Management's Responsibility for the Financial Statements
- Auditors' Responsibility
- Opinion
- Report on other legal and regulatory requirements

Auditors' Report
To The Shareholders Of Arab Investment Bank
"Federal Joint Stock Company"

Report on the financial statements

We have audited the accompanying financial statement of the Arab Investment Bank "Federal Joint Stock Company" which comprise the balance sheet as at December 31, 2016, and the income statement, statement of changes in shareholders' equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates used and 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bank as of December 31, 2016 and of its financial performance and its cash flows for the year then ended in accordance with the Central Bank of Egypt's rules pertaining to the preparation and the presentation of the financial statements of banks, the recognition & measurement basis approved by the board of directors of the Egyptian Central Bank at December16,2008 and in the light of the Egyptian laws and regulations relating to the preparation of these financial statements.

Report on other legal and regulatory requirements

According to the information and explanations given to us during the financial year ended December 31, 2016, no contravention of Central Bank, Banking and Monetary institution law No. 88 of 2003 and articles of incorporation was noted. The bank maintains proper books, which include all that is required by law and by the status of the Bank; the financial statements are in agreement thereto.

The financial information included in the Board of Directors' report, prepared in accordance with the Law No. 159 of 1981 and its executive regulations is in agreement with the bank's book of account, as far as such information is recorded therein.

Auditors

Fares Amer Imam	Dr. Mohamed Abd Aziz Hegazy	Ola Abd El-Moneem Amean
Fares		
(KPMG Hazem Hassan)	(Crowe Horwath Dr. A.M. Hegazy & Co)	Central Auditing Organization
Public Accountants & Consultants	Public Accountants & Consultants	Ola Abdelmonem

Cairo: April 27, 2017

KPMG Hazem Hassan
Public Accountants and Consultants
(18)

Dr. A. M. Hegazy & Co.
Crowe Horwath
Accountants & Consultants

Arab Investment Bank
(Federal Joint Stock Company)

Statement of Balance Sheet As at December 31, 2016

	Note (no.)	December 31, 2016 EGP (000)	December 31, 2015 EGP (000)
Assets			
Cash & balances with central Bank of Egypt	(15)	542890	726637
Due from banks	(16)	6436226	4092872
Treasury bills	(17)	2523178	756693
Financial assets held for trading	(18)	-	46823
Loans and advances to customers	(19)	7608779	4163979
Financial Investments			
Available for sale	(20)	319561	1552921
Held to maturity	(20)	5678951	1078699
Investment in associates	(21)	182742	156072
Intangible assets	(22)	746	1151
Other assets	(23)	482331	189249
Fixed assets	(24)	74800	56398
Deferred tax assets	(25)	3514	1871
Total assets		**23853718**	**12823365**
Liabilities and equity			
Liabilities			
Due to banks	(26)	1255635	385370
Customers' deposits	(27)	20357559	11008104
Other loans	(28)	397705	125566
Other liabilities	(29)	391491	235400
Other Provisions	(30)	119345	59185
Total liabilities		**22521735**	**11813625**
Equity			
Paid-up capital	(31)	1000000	800000
Reserves	(32)	163072	113260
Retained earnings (including net profit of the year)	(33)	168911	96480
Total equity		**1331983**	**1009740**
Total Liabilities and Equity		**23853718**	**12823365**

The accompanying notes from Page (30) to page (82) form an integral part of these financial statements and to be read therewith.

Independent Auditors' Report "attached".

Amr Tawfik
G.M Financial & Plan Divison

Mohamed Hany Seif El-Nasr
Chairman and Managing Director

Auditors

Fares Amer Emam
(KPMG Hazem Hassan)

Dr. Mohamed Abd El-Aziz Hegazi
(Crowe Horwath Dr. A.M. Hegazy & Co.)

Ola Abd El-Moneem Amean
Ola Abdel Moneem
Central Auditing Organization

Arab Investment Bank
(Federal Joint Stock Company)

Income Statement
For the Financial year Ended December 31, 2016

	Note (no.)	Financial year ended December 31, 2016 EGP (000)	Financial year ended December 31, 2015 EGP (000)
Interest from loans & similar income	(6)	1722189	980324
Interest on deposits & similar expenses	(6)	(1108754)	(604271)
Net interest income		**613435**	**376053**
Fees and commissions income	(7)	310814	153096
Dividends income	(8)	4196	3754
Net trading income	(9)	23596	37864
Profits on financial investments	(20)	85503	49707
Impairment losses of loans	(12)	(154138)	(104022)
Administrative expenses	(10)	(421710)	(315971)
Other operating expenses	(11)	(156473)	(30939)
Net profit of the year before taxes		**305223**	**169542**
Income tax expenses	(13)	**(183061)**	**(93502)**
Net profit for the year		**122162**	**76040**
Earnings Per Share	(14)	**1.31**	**1.03**

Arab Investment Bank
(Federal Joint Stock Company)
Statement of cash flows
For the financial year ended December 31, 2016

	Note (no.)	Financial year ended December 31, 2016	Financial year ended December 31, 2015
Cash flows from operating activities		EGP (000)	EGP (000)
Net Profit before taxes		305223	169542
Adjustments to reconcile net profit to net cash flows from operating activities			
Depreciation and amortization		15098	14663
Intangible assets amortization		810	1647
Impairment losses of loans		154138	104022
Other provisions		36546	23408
(Gain) from sale of financial investments		(48536)	(23506)
Undistributed gains from investments in associated companies		(38786)	(26317)
Amortization of (discount) premium of available for sale and held to maturity investments		(28329)	(36847)
Used provisions excluding loans provision		(19598)	(2456)
(Gains) on sale of fixed assets		(655)	-
(Gains) on sale of Assets owned by the bank for debts		(343)	-
Impairment losses of Assets owned by the bank for debts		9794	1058
Impairment losses of available for sale investment		1818	116
Proceeds from bad debt previously written off		120	531
Revaluation differences of trading financial investment		(40)	(3460)
Revaluation differences for provisions other than loans provision in foreign currency		43212	(418)
Operating income before changes in assets and liabilities from operating activities		**430472**	**221983**
Net decrease (increase) in assets			
Due from banks		(1398986)	(632734)
Treasury bills		(1823778)	492338
Loans and advances to customers		(3595471)	(1049004)
Other assets		(302794)	(45850)
Net (decrease) increase in liabilities			
Due to banks		870265	(79150)
Trading financial investments		46823	(43010)
Customers' deposits		9349459	4458026
Other Liabilities		81290	59245
Income tax paid		(104061)	(82786)
Net cash flows provided from operating activities		**3553219**	**3299058**
Cash flows from investing activities			
Payments for purchase of fixed assets & branches preparation		(33527)	(12160)
Proceeds from sale of fixed assets & branches preparation		682	-
Payments for purchase of intangible assets		(405)	(576)
Proceeds from selling of financial investment other than trading financial assets		7596239	1081614
Dividends received		16865	3754
Payments for purchase financial investment other than trading financial assets		(10860226)	(1286681)
Net cash flows used in investing activities		**(3280372)**	**(214049)**
Cash flows from financing activities			
Dividends paid		(37500)	(9600)
Proceeds from capital increase		200000	200000
Other loans		267982	125566
Net cash flows provided from financing activities		**430482**	**315966**
Net decrease in cash and cash equivalents during the year		703329	3400975
Cash and cash equivalents at beginning of the year		3641496	240521
Cash and cash equivalents at end of the year	(34)	**4344825**	**3641496**
Cash and cash equivalents are represented in:			
Cash and balances with Central Bank of Egypt		542890	726637
Due from banks		6436227	4092872
Treasury bills		2573778	776341
Due from Central Bank of Egypt within the required reserve percentage		(365167)	(649456)
Bank Deposits		(2550000)	(866725)
Treasury bills due in more than 3 months		(2292903)	(438173)
Cash and cash equivalents at end of the year		**4344825**	**3641496**

Arab Investment Bank
(Federal Joint Stock Company)

"Statement of Changes in Shareholders' Equity For the financial year ended December 31, 2016"

Statement	Capital EGP (000)	Special Reserve EGP (000)	Capital Reserve EGP (000)	Legal Reserve EGP (000)	General Reserve EGP (000)	Fair value Reserve For A.F.S investments EGP (000)	Reserve of General Bank Risk EGP (000)	Retained Earnings EGP (000)	Total EGP (000)
Balances as of January 1, 2015	600000	251	24931	19701	10311	17962	13962	54768	**741886**
Net Profit for the year 2015	-	-	-	-	-	-	-	76040	**76040**
Proceeds from capital increase	200000	-	-	-	-	-	-	-	**200000**
Transferred to general bank risk reserve	-	-	-	-	-	-	1079	(1079)	**-**
Transferred to Legal Reserve	-	-	-	2132	-	-	-	(2132)	**-**
Transferred to General Reserve	-	-	-	-	21517	-	-	(21517)	**-**
Dividends	-	-	-	-	-	-	-	(9600)	**(9600)**
Net change in fair value for AFS Investments	-	-	-	-	-	1414	-	-	**1414**
Balance as of December 31, 2015	**800000**	**251**	**24931**	**21833**	**31828**	**19376**	**15041**	**96480**	**1009740**
Balances as of January 1, 2016	800000	251	24931	21833	31828	19376	15041	96480	**1009740**
Transferred to Legal Reserve	-	-	-	3803	-	-	-	(3803)	**-**
Transferred to General Reserve	-	-	-	-	7052	-	-	(7052)	**-**
Dividends	-	-	-	-	-	-	-	(37500)	**(37500)**
Proceeds from capital increase	200000	-	-	-	-	-	-	-	**200000**
Net Profit for the year 2016	-	-	-	-	-	-	-	122162	**122162**
Transferred to general bank risk reserve	-	-	-	-	-	-	721	(721)	**-**
Transferred to Capital Reserve	-	-	655	-	-	-	-	(655)	**-**
Net change in fair value for AFS Investments	-	-	-	-	-	37581	-	-	**37581**
Balance as of December 31, 2016	**1000000**	**251**	**25586**	**25636**	**38880**	**56957**	**15762**	**168911**	**1331983**

Notes to the financial statements
For the financial year ended 31 December 2016

1 Background:

Arab Investment Bank (Previously- The Federal Arab Bank for Development and Investment) provides corporate, retail and investment banking services in Arab Republic of Egypt through its head office located in Cairo (8th Abd Elkhalek Tharwat st.) and 20 branches and the bank employs (894) employees at the balance sheet date.
Arab Investment Bank (Previously- The Federal Arab Bank for Development and Investment) was established on February 20, 1974, pursuant to the presidential Council decree no. (1) Of 1974.

According to the Extraordinary General Assembly decision on June 3, 2013 the name of the bank has been modified to be Arab Investment Bank instead of The Federal Arab Bank for Development and Investment.

Financial statements approved on board dated April 26, 2017.

2 Summary of Significant Accounting Policies:

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

A) Basis of Preparation:

The financial statements are prepared in accordance with Central bank of Egypt instructions approved by its board of directors on December16, 2008 in addition to the historical cost convention basis, modified by the revaluation of assets and liabilities held for trading, assets and liabilities originally valued with fair value through profits and losses, and available for sale investments, and all financial derivatives contracts, these financial statements were prepared in accordance with relevant local laws.

B) Associates company:

- Associates are all entities which the bank owns direct or indirect significant effect but not control, generally the bank owns 20% to 50% of the voting rights.
- The purchase method is used to account for the acquisition of companies by the bank. The cost of an acquisition is measured with the fair value of the assets or asset given or/and equity instruments issued and loans assumed on behalf of the acquired company at the date of exchange, plus costs directly attributable to the acquisition. Net assets including specific contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, irrespective of the minority interest. The excess of acquisition cost over the bank's share fair value in the net assets acquired is recorded as goodwill.
- If the acquisition cost is less than the fair value, the differences is recognized directly in the income statement under the item "Other operating income (expenses)"

- Accounting for investment associates is recorded by using equity method. According to this method, investment recorded upon acquisition at cost, then the balance of investment is increased or decreased by the amount of change in bank share in the equity of associate company after the acquisition date, then the investment balance is decreased by the amounts of dividends distributed by associate companies.
- If there are subject evidences for an impairment loss of associate company, the value of Loss is calculated as the difference between the book value of investment and the higher of discontinued expected future cash flow with current market rate and net salvage value for each single investment.

The book value of the asset is reduced directly and the value of loss is recognized directly in income statement under "financial investment income (loss)". If any later time, the decrease and increase in impairment can be subjectively linked with an event occurring after recording the impairment value of impairment previously recognized loss can be recovered to income statement and the book value of investment mustn't be more than its cost in the date of impairment loss cancelation if this impairment loss is not recognized.

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) Translation of Foreign Currencies:

D/1 Functional and presentation currency

The financial statements are presented in by thousand Egyptian pound, which is the Bank's functional and presentation currency.

D/2 Translation of Foreign Currencies

The bank maintains its accounts in Egyptian pound and records transactions in foreign currencies during the financial year on the basis of prevailing exchange rates at the date of the transaction, Monetary assets and liabilities denominated in foreign currencies are retranslated at the end of the financial period on the basis of prevailing exchange rates at that date. Foreign exchange gains and losses resulting from the settlement and translation of such transactions and balances are recognized in the income statement and reported under the following items:

- Net trading income or net income from financial instruments classified at fair value through profit and loss for assets / liabilities held for trading or those classified at fair value through profit and loss.
- Other operating Income (expense) for the other items.
- Changes in fair value of financial instruments denominated in foreign currency classified as available for sale investments (debt instruments) is analysed between valuation differences

resulting from changes in amortized cost of the instrument, differences resulted from changes in the prevailing exchange rates, and differences resulted from changes in the fair value of the instrument. Those changes are recognized in the income statement as income on loans and similar items regarding changes in amortised cost and differences related to changes in the exchange rate are recognised as other operating income (expense), and changes in fair value of available-for-sale investments are recognized in equity (fair value reserve - available for sale investments).

- Valuation differences resulting from non-monetary items include profits and losses resulting from changes in fair value such as equity instruments held at fair value through profits and losses, while valuation differences resulting from equity instruments classified as financial investments available for sale are recognized as "fair value reserve - available for sale investments" under the equity caption.

E) Financial Assets:

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

E/1 Financial assets at fair value through profit or loss

- **This category includes:** 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 designated at fair value through profit or loss in the following cases:

- When managing certain investments, such as equity investments, at a fair value basis in accordance with a documented risk management or investment strategy and reporting to key management personnel on that basis.
- Financial instruments, such as debt securities held-to-maturity, containing one or more embedded derivatives which significantly modify the cash flows, are designated at fair value through profit and loss.

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 are classified as held for trading, or those that the bank upon initial recognition designates at fair value through profit or loss.
- The bank upon initial recognition designates at available for sale.
- The bank may not recover substantially all of its initial investment, for other than deterioration in credit worthiness of the issuer.

E/3 Held-to-maturity financial investments

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the bank has positive intent and ability to hold to maturity. Reclassification will be made to Available-for sale category in case the bank has, during the current financial year sold or reclassified more than an insignificant amount of held to maturity investments before maturity other than those allowed in specific circumstances as specified by the Central Bank of Egypt.

E/4 Financial Investments Available for Sale

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

The following applies to financial assets:

- Purchases or sales of financial assets at fair value through profit and loss, held to maturity financial investments, and available for sale financial investments are recognized at the trade date which is the date the bank is committed to purchase or sell the financial asset.
- Financial assets that are not classified at fair value through profit and loss at initial recognition are recognized at fair value plus transaction cost, while the financial assets classified as at fair value through profit and loss are initially recognized at fair value only and the transaction cost is recognized in the profit and loss under "net trading income".
- Financial assets are derecognized when the rights to receive cash flows have expired or when the bank transfer all asset risks and rewards to another party, while a financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Available for sale financial investments and financial assets designated at fair value through profit and loss are subsequently measured at fair value. While loans and advances and held to maturity investments are measured subsequently at amortized cost.
- Gains and losses arising from changes in fair value of financial assets designated at fair value through profit and loss are recorded in income statement during the year it occurred, while gains and losses arising from changes in fair value of available for sale financial investments are recognized in "fair value reserve for available for sale investments" in equity until the financial asset is sold, or impaired at which time, the cumulative gain or loss previously recognized in equity should be recognized in profit or loss.
- Interest income related to monetary assets classified as available for sale is recognized based on the amortized cost method in profit and loss. The foreign currency revaluation differences related to available for sale investments are recognized in the profit and loss. Dividends related to available for sale equity instruments are recognized in the profit and loss when they are declared.
- The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the Bank establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants, if the Bank could not assess the value of the equity classified as available for sale, these instruments should be valued at cost less of any impairment losses.

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

i. Financial assets with fixed or determinable payments and fixed maturity valued at amortized cost, using the effective interest method. The difference between the amortized cost using the effective interest method and the repayment value is amortized using the effective interest rate method.

ii. In case of financial asset's impairment any profits or losses previously recognized in equity is recognized in profit and loss.

- Profits and losses related to the financial assets without fixed or determinable maturity are recorded in equity till selling or disposing it. In case of impairment, profit and losses that have been previously recognized directly in equity are recognized in the profit and loss.
- If the Bank changes its estimates regarding payments or proceeds, the book value of a financial asset (or group of financial assets) has to be adjusted to reflect the actual cash inflows and the change in this estimate through calculating the present value of estimated future cash flows using the effective interest rate for the financial instrument.This adjustment is recognized as either income or expense in the profit and loss.
- In all cases, if the bank re-classified financial asset in accordance with what is referred to above and the Bank subsequently increase its future cash proceeds estimates resulted from an increase in the recoverable amount from its cash receipts, this increase is recognized as an adjustment to the effective interest rate not as an adjustment in the book value of the asset at the date of change in estimate.

E/5 Offsetting between financial instruments

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

Treasury bills, Repos and reverse Repos agreements are netted on the balance sheet and disclosed under treasury bill and other government notes.

E/6 Financial derivatives instruments and hedge accounting

- Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.
- Changes in the fair value of derivatives that do not qualify for hedge accounting are recognized in statement of income under 'Net income from trading'. However, gains and losses arising from changes in the fair value of derivatives that are managed in conjunction with financial assets or liabilities at fair value through profit or loss are included in "net income from financial assets or liabilities at fair value through profit or loss".

- The derivatives are measured by its fair value changes in fair value recognized in income statement under the article net trading income. The embedded derivatives are not separated if the bank decides to classify the entire compound contract by the fair value through profits and losses. Recognizing the profits and losses resulted from the fair value depends on whether the derivative is a covering instrument provision and according to the nature of the covered item; the bank classifies some of the derivatives as one of the following:

- Hedging of the fair value of recognized assets and liabilities or confirmed commitments (fair value hedging).
- Risk hedging of future highly expected cash flows related to a recognizes asset or liability or related to an expected transaction (cash flows hedging).

- Hedging accounting is used for provision derivative for that purpose if the needed conditions are available. At the beginning of the transaction the bank documents the relations between the covered items and hedging instruments, also the objectives of risk management and the strategy of having different hedging transactions. At the beginning of hedging and consciously, the bank documents the estimation of whether the derivative used in hedging transactions are effective in facing the changes in the fair value or cash flows of the covered items.

E/6/1 Fair value hedging:

The changes in the fair value of qualified derivatives provisions for hedging of the fair value are recognized in the income statement, this with any change in the fair value related to the risk of the covered asset or liability. The effective changes in the fair value of return transfers contracts and the related covered items are added to the net return and effective changes in the fair value of the future currency contracts are added to net trading income. Inefficiency in all of the contracts and the related covered items mentioned in the previous paragraph are added to the net trading income. If the hedging is no longer following the hedging accounting procedures, the modification added to the book value of the covered items recorded by the amortized cost method, this is through charging it against the profits and losses along the period till its maturity. Amendments in covered equity instrument's book value remain within the owners' equity till it has been excluded.

E/6/2 Cash flows hedging:

The effective part in the changes in the fair value of the qualified derivative provision to cover the cash flows is recognized as owners' equity, while the profit and losses related to the ineffective part are recognized immediately as (net trading income) in the income statement. The amounts accumulated in the owners' equity are transferred to the income statement in the same periods that the covered item has an effect on profits and losses, profits and losses related to the effective part of the currency transfers and options are added to the net trading item.

When the hedging instrument is being due or sold, or when the hedging is no longer following the hedging accounting procedures, the profits and losses accumulated in the owners' equity in that time remain within the owners' equity item and it is recognized in the income statement when the expected transaction is finally recognized.

But if the expected transaction is no longer expected to occur then the profits and losses accumulated in the owners' equity are immediately transferred to the income statement.

E/6/3 Unqualified derivative of hedging accounting:

Changes in the fair value of the unqualified derivatives of hedging accounting are being recognized in the (net trading income) item. In the income statement, the profits and losses resulted from the changes in the fair value is recognized as (net income of classified financial instruments valued by the fair value of profits and losses), this is through the profits and losses resulted from the changed in the fair value of derivatives managed in relation to the classified assets and liabilities in the profits and losses.

F) Recognizing first day's deferred profits and losses:

Considering the tools that evaluate the fair value, the transaction price is considered to be the best instrument to evaluate the fair value on the transaction date(fair value of delivered or received return) unless the fair value of the instrument on that date is indicated depending in the transaction's price in published market or using evaluation modules. When the bank has a long term transaction, its fair value is specified using evaluation modules that their inputs may not all be from the published market rates or prices, those financial instruments are recognized according to transaction price which is the best indication of the fair value.

Although the value calculated from evaluation modules may be different, and the difference between the transaction price and the amount resulted from the module is not immediately recognized as first day's profits and losses and it is listed as other assets in the case of loss, and as other liabilities in the case of profit.

The timing of recognizing the deferred profit and loss is specified separately for each case through its amortization on the transaction or when it is possible to identify the instrument's fair value using published market's inputs or by approving it when adjusting the transactions, the instruments is measured by the fair value, the subsequent changes in the fair value are immediately recognized in the income statement.

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.

Once loans or debts are classified as nonperforming or impaired , the revenue of the interest income will not be recognized and will be recorded off balance sheet and recognized as income subsequently based on cash basis according to the following:

- When it is collected and this is after redeeming all dues of consumer loans and personnel mortgages also small loans for economic activities.
- For corporate loans, interest income is recognized on a cash-basis after the bank collects 25 % of the rescheduled installments and when these installments continue to be paid for at least one year. If a loan continues to be performing thereafter, interest accrued on the principal then outstanding starts to be recognized in revenues. Interest that is marginalized prior to the date when the loan becomes performing is not recognized in profit or loss except when the total balance of loan, prior to that date, is paid in full.

H) Fees and Commissions:

Fees charged for servicing a loan or facility that is measured at amortized cost, are recognized as revenue as the service is provided. Fees and commissions on non-performing or impaired loans or receivables cease to be recognized as income and are rather recorded off balance sheet. These are recognized as revenue - on the cash basis - only when interest income on those loans is recognized in profit or loss, at which time, fees and commissions that are an integral part of the effective interest rate of a financial asset are treated as adjustment to the effective interest rate of that financial asset.

Commitment fees received by the bank to originate a loan are deferred if it is probable that the bank will enter into a specific lending arrangement and are regarded as a compensation for an ongoing involvement with the acquisition of the financial instrument and recognized as an adjustment to the effective interest rate. If the commitment expires without the bank making the loan, the fees are recognized as revenue on expiry.

Fees related to debt instruments which are measured at fair value are recognized under revenue at initial recognition. The fees for promotion of joint loans are recognized within revenues upon completing the promotion process without retaining any part of the loan by the bank, or if the bank maintains a part thereof with the actual interest rate available to other participants.

Fees and commissions that are earned on negotiating or participating in the negotiation of a transaction in favour of another entity, such as arrangements for the allotment of shares or another financial instrument or acquisition or sale of an enterprise on behalf of a client, are recognized as revenue when the transaction has been completed. Administrative consultations and other service fees are usually recognized as revenue on a straight-line basis over the period in which the service is rendered. Fees from financial planning management and custodian services provided to clients over long periods are usually recognized as revenue on a straight-line basis over the period in which these services are rendered.

I) Dividends:

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

J) Purchase of Resale Agreements, and sale & repurchase agreements:

Financial instruments sold under repurchase agreements, are not derecognized from the books. These are shown in the assets side as an addition to the "treasury bills and other governmental notes" line item in the balance sheet. On the other hand, the bank's obligation arising from financial instruments acquired under resale agreements, is shown as a deduction from the "treasury bills and other governmental notes" line item in the balance sheet. Differences between the selling and repurchase price or between the purchase and resale price is recognized as interest expense or income throughout the period of agreements using the effective interest rate method.

K) Impairment of financial Assets:

K/1 Financial Assets Measured 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 obligor.
- A breach of contract, such as a default or delinquency in interest or principal payments.
- It becoming probable that the borrower will enter bankruptcy or financial re-organization.
- Deterioration of the competitive position of the borrower.
- The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider.
- Impairment in the value of collaterals.
- Deterioration in the creditworthiness of the borrower.

An objective evidence for impairment loss of the financial asset includes observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, such as the increase of default cases with respect to a banking product.

The estimated period between the date in which the loss occurred and the date on which the impairment loss has been identified for each specific portfolio. In general, the periods used vary between three months and 12 months; in exceptional cases, longer periods are warranted.

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 in this respect the following should be considered:

- 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 the historical loss rates.

- Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

- If no impairment losses result from the previous assessment of impairment in this case the asset included in a collective assessment of impairment.

- Provision amount of impairment loss is measured by the difference between the asset's book value and the present value of the expected future cash flows excluding the future credit losses that have not been incurred yet, deducted from the use of actual return rate of the financial asset. The book value of the asset is decreased by the provision of impairment loss. The impairment loss is recognized as credit losses in the income statement.

- If the loan or investment held to maturity has a variable interest rate, the discount rate used to measure any impairment losses is the original effective contractual interest rate. Where practicable, the bank measures the impairment losses based on the fair value of the instrument using declared market prices. In the case of collateralized financial assets, the addition of the present value of the expected future cash flows that may originate from the execution of and sale of the collateral after deducting the related expenses must be observed.

- 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.

- For the purposes of evaluation of impairment for a group of a financial assets according to historical default ratios 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 & assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

K/2 Available for Sale Financial Investments

At each balance sheet date, the bank assesses whether there is objective evidence that any financial assets or a group of financial assets classified as available for sale or held to maturity has been impaired. A significant or prolonged decline in the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is an objective evidence that the assets is impaired.

During Periods start from First of January 2009, The Decrease Consider significant cause it become 10% From cost of book value and the decrease consider to be extended if it continue for period more than 9 months, and if the mentioned evidences become available then the accumulated loss to be post from the equity and disclosed at the income statement, 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) Property investment:

Property investment is requested in land & Buildings owned by the bank for gain rental revenues or capital appreciation. Therefore it doesn't include real-estate assets used in the bank’s operations or which was received in settlement of the bank’s liability. Invesment is accounted by the same method applied for fixed assets.

M) Intangible assets:

M/1 Computer programs

Expenses related to improvement & maintenance of computer programs are recognized as expenses in income statement when incurred. Recognized as an intangible asset expenses related directly with definite programs and under the bank control & expected to generate economical benefits which exceed its cost for more than one year. Direct expenses includes labour cost in the program improvement team in addition to appropriate average of related general expenses and it is recognized as an improvement cost in the expenses that leads to an increased expansion or performance of the computer program more than its original standards, it is added to the program cost.

Computer programs’ costs which are recognized as an asset are depreciated over its life time within a period of not more than 3 years.

M/2 Other intangible assets

Represented in the intangible assets other than goodwill and computer programs for example (trademarks, license, and rental contracts benefits). Intangible assets are recorded by acquisition cost and are amortized by straight line method or the economic benefits expected, along its estimated useful life. Considering assets with no definite useful life, they are not amortized but its impairment loss is yearly examined and recorded (if found) in the income statement.

N) Fixed Assets:

Land and buildings comprise mainly branches and offices. All fixed assets are carried at historical cost net of accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized separately, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance expenses are recognized in profit or loss within "other operating expenses" during the financial period in which they are incurred. Depreciation is charged so as to write off the cost of assets, other than land which is not depreciated, over their estimated useful lives, using the straight-line method to the extent of their estimated residual values based on the following annual rates:

■ Buildings	20 years
■ Furniture & safe	10 years
■ Machinery and equipment	8 years
■ Transportation vehicles	5 years
■ Computers & Automated systems	5 years
■ Fixtures and Fitting	3 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 recoverble 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.

The recoverable amount of an asset is the higher of the asset's net realizable value or value in use. Gains and losses on disposals are determined by comparing proceeds with relevant carrying amount. These are included in profit or loss in other operating income (expenses) in the income statement.

O) Non-financial asset impairment:

Assets without definite useful life are not depreciated & it is being tested annually for impairment. Assets are tested for impairment of events or circumstances indicated that the book value may not be recoverable.

Then the impairment is recognized & decreasing the assets value by the amount of the asset's book value exceeding the recoverable value.

The recoverable values represent the net asset's sale value or the assets usable value whichever is higher.

In order to estimate the impairment, asset is joined to smallest possible generating-cash unit. Non-financial assets with impairment are being reviewed to check if there is any impairment to be credited to the income statement at the date of preparing the financial statement.

P) Rental:

Payments are recorded in operating rent account after deducting any discounts received from the lesser in the expenses in the income statement according to straight line method within the contract period.

Q) 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; they include cash and balances due from central bank of Egypt-other than those within the mandatory reserve, current accounts with banks and treasury bills and other government notes.

R) Other Provisions:

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

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 negated the purpose of wholly or partly repaid within the item other operating income (expense).

S) Financial guarantees contracts:

Financial guarantees contract is the contract issued by the bank to collateral loans or debit current accounts presented to its customers from other parties and it is required from the bank to pay certain payments to compensate the beneficiaries of carried loss because debit payment in the due date according to the debt instrument's conditions. These financial collaterals are presented to banks, financial institutions and other parties on behalf of the bank's customers.

Initial recognition in the financial statements is recorded by the fair value at the date of granting the collateral which may reflect the collateral fees. Later on, the bank's liability is measured by the virtue of the collateral on the basis of the initial recognition amount less the amortization to recognize the collateral fees in the income statement by the straight line method over the collateral lifetime, or the best estimation of the needed payments to adjust any financial liability resulted from the financial collaterals on the balance sheet date which is higher. These estimations are specified according to the experience in similar transactions and historical losses and also by the management's judgment.

Any increase in the liabilities resulted from financial collaterals, is recognized in the income statement as other operating revenues (expenses).

T) Employees benefits:

T/1 Pension liabilities

The bank is committed to pay the contributions to the Social Insurance Public Authority, with no other liabilities after paying these contributions. Those contributions are recorded periodically in the income statement in its maturity year and are listed as labor benefits. The bank has insurance fund for the employees of the bank, which was founded 26/1/1979 Working according to law no. 54 for year 1975 and its executive regulations, in the purpose of granting compensation and insurance benefits for the members, this pension fund and its amendments are implemented on all of the employees of the bank's head office and its branches.

The bank is committed to pay the annual and monthly subscription to the fund according to the funds regulation and its amendments. No other liabilities on the bank after the payment of the subscription. Those subscriptions are recognized as administrative expenses when they come due.
The prepaid subscriptions are recognized as assets to the limit that the deposit leads to reduce the future payments or to a refund.

U) Income Taxes:

Income tax expense on the year's profit or loss includes the sum of the tax currently payable and deferred tax and is recognized in the income statement, except when they relate to items that are recognized directly in equity, in which case the tax is also recognized 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 is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized, the carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. However, when it is expected that the tax benefit will increase, the carrying amount of deferred tax assets shall increase to the extent of previous reduction.

V) Borrowing:

Loans obtained by the bank are initially recognized at fair value net of transaction costs incurred in connection with obtaining the loan. Borrowings are subsequently measured at amortized cost, with the difference between net proceeds and the value to be paid over the borrowing period, recognized in profit or loss using the effective interest rate method.

W) Capital:

W/1 Cost of capital

The issuance expenses that are related directly with issuing new shares or shares of acquiring entity or issuance options, are presented as a deduction from owners'' equity and the net revenues after tax.

W/2 Dividends

Dividends are recognized when the general assembly of shareholders approves them. Dividends include the employees' profit share and the board of directors' remuneration as prescribed by the bank's articles of association and the corporate law.

X) Comparative Figures:

Comparative figures are reclassified, where necessary, to conform with changes in the current period's presentation.

3 Management of Financial Risks:

The bank, as a result of conducting its activities, is exposed to various financial risks. Since financial activities are based on the concept of accepting risks and analyzing and managing individual risks or group of risks altogether, the bank aims at achieving a well-balanced risks and relevant rewards, as appropriate and to reduce the probable adverse effects on the bank's financial performance. The most important types of risks are credit risk, market risk, liquidity risk and other operating risks. The market risk comprises foreign currency risk, interest rate risk and other pricing risks.

The risk management policies have been laid down to determine and analyze the risks, set limits to the risks and control them through reliable methods and up–to–date systems. The bank regularly reviews the risk management policies and systems and amendments thereto, so that they reflect the changes in markets, products and services and the best up-to–date applications.

Risks are managed in accordance with preapproved policies by the board of directors. The risk management department identifies, evaluates and covers financial risks, in close collaboration with the bank's various operating units. The board of directors provides written rules which cover certain risk areas, such as credit risk, foreign exchange risk, interest rate risk and the use of derivative and non-derivative financial instruments. Moreover, the risk department is responsible for the periodic review of risk management and the control environment independently.

A) Credit Risk

The bank is exposed to the credit risk which is the risk resulting from failure of the client to meet its contractual obligations towards the Bank. The credit risk is considered to be the most significant risk for the bank, therefore requiring careful management. The credit risk manifests itself in the lending activities and debt instruments in bank's assets as well as off balance sheet financial instruments, such as letters of credit and letters of collateral. The credit risk management and control are centralized in a credit risk management team in Bank Risk management department and reported to the Board of Directors and head of each business unit regularly.

A/1 Measuring the Credit Risk

- Loans and advances to banks and clients

In measuring credit risk of loan and advances to customers and to banks at a counterparty level, the Bank's rating system is based on three key pillars:

- 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 derive the (exposure at default).
- The likely recovery ratio on the defaulted obligations (the loss given default).

These credit risk measurements, which reflect expected loss The operational measurements can be contrasted with impairment allowances required under Central Bank of Egypt's rules, pertaining to the preparation and presentation of the financial statements of banks and the recognition and measurement bases approved by the board of directors of the Central Bank of Egypt at December 16, 2008, which are based on losses that have been incurred at the balance sheet date rather than expected losses.

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

Bank's internal ratings scale	
Bank's Rating	**Description of the grade**
1	Good debts
2	Normal watch-list
3	Special watch-list
4	Nonperforming loans

And the loans expose to default depend on the banks expectation for the outstanding amounts when default occur. 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 Bills:

For debt securities and other bills, external rating such as Standard & Poor's rating or their equivalents are used by bank Risk department for managing of the credit risk exposures, and if this rating is not available, then other ways similar to those used with the credit customers are uses. 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, counterparties, product, industry sector and by country are approved quarterly by the Board of Directors.

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

Exposure to credit risk is also managed through regular analysis of the ability of 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:

Collaterals:

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

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

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit advances 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.

Derivatives:

The bank maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the bank (i.e., assets where their fair value is positive), which in relation to derivatives is only a small fraction of the contract, or negotiable values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements.

Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the bank requires margin deposits from counterparties.

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

Commitments Related to Credit:

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Collaterals and standby letter 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, collaterals or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

A/3 Impairment and Provisions Policies

The internal rating systems described in Note a.1 focus 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 the period-end is derived from each of the four internal rating grades. However, the majority of the impairment provision comes from the bottom two grades. The table below shows the percentage of the Bank's in balance sheet items relating to loans and advances and the associated impairment provision for each of the Bank's internal rating categories:

Bank evaluation	Loans and Advances %	Impairment losses provision %	Loans and Advances %	Impairment losses provision %
	December 31, 2016		December 31, 2015	
Performing loans	69.76	4.3	64.03	4.08
Regular loans	9.23	1.49	10.61	1.76
watch-list	5.62	17.54	7.74	12.35
Non-performing loans	15.39	76.67	17.62	81.81
	100%	**100%**	**100%**	**100%**

The internal rating tools assists management to determine whether objective evidence of impairment according to the basis of preparing and previewing the financial statements of banks , assurance and measurements basis held by board of directors of central bank of Egypt at 16th of December 2008 and based on the following criteria set out by the Bank:

- Cash flow difficulties experienced by the borrower.
- Breach of loan covenants or conditions.
- Initiation of bankruptcy proceedings.
- Deterioration of the borrower's competitive position.
- Bank granted concessions may not be approved under normal circumstances, for economic, legal reasons, or financial difficulties facing the borrower.
- Deterioration in the value of collateral.
- Deterioration in the credit situation.

The Bank's policy requires the review of all 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.

Impairment loss provision is formed on homogenous experience of loan losses, available personal judgment of bank management and statistical methods.

A/4 Bank Risks Measurement General Model

In addition to the four categories of measuring credit worthiness discussed in disclosure 1.a 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 impairment in addition to credit regulations according to special percentages determined by 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 EAS, the general banking risk 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.

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

Classification of the Central Bank of Egypt	Classification Significance	Required provision rate	Internal classification	Internal classification Significance
1	Low risks	Zero	1	Performing loans
2	Average Risk	1%	1	Performing loans
3	Satisfactory risks	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 watching
7	Watch list	5%	3	Watch List
8	Substandard	20%	4	Non performing loans
9	Doubtful	50%	4	Non performing loans
10	Bad Debt	100%	4	Non performing loans

A/5 Maximum limits for Credit risk before Collateral

EGP (000)

Items exposed to credit risk in Balance sheet	December 31, 2016	December 31, 2015
Treasury Bills	2523178	756693
trading financial assets:		
Debt instrument	-	46823
Loans and advances to customers		
Retail loans:		
Overdrafts	833929	150847
personal loans	110216	88771
Corporate loans:		
Overdrafts	5939391	3174866
Direct loans	631021	400587
Syndicated loans	1660730	1190938
other loans	-	240
Financial investments		
Investment in affiliated companies	182742	156072
debt instruments	5880002	2525594
Other assets - Accrued Revenue	231600	98803
Total	**17992809**	**8590234**
Off Balance sheet Items exposed to credit risk	**December 31, 2016**	**December 31, 2015**
Accepted discounted bills	101780	69251
Letter of Credit	582855	574908
Letter of guarantee	1691127	1480873
Total	**2375762**	**2125032**

The above table represents the Maximum bank exposure to credit risk at December 31, 2016 and at December 31, 2015, without taking account of any collateral held. For in balance sheet items, the exposures set out above based on net carrying amounts as reported in the balance sheet.

- As shown above, 51 % of the total maximum exposure is derived from loans and advances to banks and customers at December 31, 2016 against 58.28 % at December 31,2015; while 32.68 % at December 31,2016 represents investments in debt instruments against 32.81% as at December 31,2015.

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 Instruments based on the following:

- 76.95 % of the loans and advances portfolio is categorized in the top two grades of the internal rating system of the loans portfolio and credit advances at 31/12/2016 against 73.42% at 31/12/2015.

- 81.62% of the loans and advances without accruals or impairment indicators at 31/12/2016 against 79.85% at 31/12/2015.
- 98.92 % at December 31, 2016 against 91.4% in 31/12/2015 of the investments in debt instruments are represented in governmental instruments.

A/6 Loans and Advances

Following is the position of loans and advances balances to the Clients and Banks in terms of credit solvency:

EGP (000)

Statement	Loans and advances to customers	Loans and advances to customers
	December 31, 2016	December 31, 2015
Neither past due nor impaired	7489075	3997445
Past due but not impaired	270466	126935
Subject to impairment	1415746	881869
Total	**9175287**	**5006249**
Less		
Interest In Suspense	(290455)	(138226)
Profits of foreign Islamic operations	(16174)	(10810)
Provision for impairment losses	(1259879)	(693234)
Net	**7608779**	**4163979**

Provision of impairment losses represents as at December 31, 2016 an amount of 1,259,879 thousands Egyptian pound against 693,234 thousand pounds at December 31, 2015 including 1,160,784 thousands Egyptian pound as at December 31, 2016 against 629,620 thousands Egyptian pound as of December 31, 2015 represents impairment of individual loans and the rest amounted 99,095 thousand Egyptian pound represents impairment of grouped credit portfolio.

Note (19) including additional information about Provision of impairment losses.

- **Loans and advances without unpaid balances and is not impaired:**

The credit quality of the portfolio of loans and advances without unpaid balances and is not impaired is evaluated by referring to the internal evaluation used by the bank.

- **Loans and advances to Customers and Banks in net as of December 31, 2016**

EGP (000)

Valuation	Retail		Corporate				Total loans and advances to customers
	Overdrafts	Personal loans	Overdrafts	Direct loans	Syndicated loans	Other loans	
Performing loans	830115	104583	3894955	314193	1142026	-	6285872
Regular watching	-	-	405102	17778	351505	-	774385
Watch list	-	-	265882	30602	132334	-	428818
Total	**830115**	**104583**	**4565939**	**362573**	**1625865**	**-**	**7489075**

Loans and advances to Customers and Banks as of December 31, 2015

EGP (000)

Valuation	Retail		Corporate				Total loans and advances to customers
	Overdrafts	Personal loans	Overdrafts	Direct loans	Syndicated loans	Other loans	
Performing loans	147734	83246	2019727	197152	710242	240	3158341
Regular watching	-	-	139954	25211	351910	-	517075
Watch list	-	-	224953	13819	83257	-	322029
Total	**147734**	**83246**	**2384634**	**236182**	**1145409**	**240**	**3997445**

- **Loans and advances past due but not subject to impairment**

Unless other information is available to indicate the contrary. Customers' loans and advances with neither past due but not impaired. The fair values of the collateral related thereto are represented as follows:

December 31, 2016

EGP (000)

Statement	Retail			
	Overdrafts	Personal loans		Total
Past due 30 days	88	135		223
	Corporate			
	Overdrafts	Direct loans	Syndicated loans	Total
Past due more than 90 until 120 days	234634	27304	8305	270243
Fair value of collateral	-	**983770**	-	**983770**

At the time of initial recording loans and advances, fair value of collateral is assessed based on the valuation techniques usually used with similar assets. In subsequent period, the fair value is updated at the market prices or similar assets prices.

December 31, 2015

EGP (000)

Statement	Retail			
	Overdrafts	Personal loans		Total
Past due 30 days	51	62		113
	Corporate			
	Overdrafts	Direct loans	Syndicated loans	Total
Past due more than 90 until 120 days	102175	1408	23239	126822
Fair value of collateral	**133818**	**1068083**	-	**1201901**

Customers' loans and advances subject to impairmt

Loans and advances assessed on an individual basis before cash flows from collaterals are amounted 1,415,746 thousands Egyptian Pound as at December 31, 2016 against 881,869 thousands Egyptian Pound as at December 31, 2015

Following is an analysis of the total value of the loans and advances individually subject to impairment including the fair value of the collaterals that the bank received in return for such loans:

December 31, 2016

EGP (000)

Statement	Retail		Corporate				Total loans and advances to customers
	Overdrafts	Personal loans	Overdrafts	Direct loans	Syndicated loans	Other loans	
Subject to impairment individually	3726	5498	1138818	241144	26560	-	1415746
Fair value of collaterals	-	-	-	35193	-	-	35193

December 31, 2015

EGP (000)

Statement	Retail		Corporate				Total loans and advances to customers
	Overdrafts	Personal loans	Overdrafts	Direct loans	Syndicated loans	Other loans	
Subject to impairment individually	3063	5463	688057	162997	22289	-	881869
Fair value of collaterals	-	-	-	77707	-	-	77707

Restructuring Loans and Advances:

Restructuring activities include extended payment arrangements; execute obligatory management programs, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria which, in the judgment of local management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to long term loans; in particular customer finance loans Renegotiated loans that would otherwise be past due or impaired totalled at the of the financial period, especially customers' funded loans. Loans that were being renegotiated amounted 97,049 thousands Egyptian Pound against 48,833 thousands Egyptian Pound as at December 31, 2015.

EGP (000)

loans and advances to customers	December 31, 2016	December 31, 2015
Corporate		
Overdrafts	3642	20174
Direct Loans	93282	27387
Individuals		
Overdrafts	125	293
Personal loans	-	979
Total	**97049**	**48833**

A/7 Debt instruments and treasury bills:

The following table represents the analysis of debt instruments and other treasury bills according to the evaluation agencies at 31/12/2016, based on Standard & Poor's evaluation and equivalents:

EGP (000)

Statement	Treasury bills	Financial investments in securities	Total
BBB	-	4138	4138
BB- to BB+	-	32231	32231
B- to B+	-	-	-
Less B-	2573778	5843633	8417411
Total	**2573778**	**5880002**	**8453780**

A/8 Acquisition of collaterals:

The bank did not acquire any collateral during the current year.

A/9 The concentration of financial assets exposed to credit risks:

Geographical Segments

The following table represents the analysis of the most important bank's credit risks measured at the book value, allocated according to the geographical segment at 31/12/2016. While preparing this table, risks were allocated to the geographical segments according to the areas related to the bank's customers.

December 31, 2016

EGP (000)

Statement	Arab Republic of Egypt		
	Cairo	Alexandria & the Delta & Sinai	Total
Treasury bills	2523178	-	2523178
Loans& advances to customers			
Retail			
overdrafts	702259	131760	833929
Personal loans	106065	4151	110216
Corporate			
overdrafts	4695545	1243846	5939391
Direct loans	625478	5543	631021
Syndicated loans	1660730	-	1660730
Other loans	-	-	-
Interest In Suspense	(290455)	-	(290455)
Deferred Profits of Islamic operations	(16174)	-	(16174)
Provision for impairment losses	(1259879)	-	(1259879)
Financial Investments			
Investment in associated companies	182742	-	182742
Debt instruments	5880002	-	5880002
Other Assets	482331	-	482331
Total as of December 31, 2016	**15291822**	**1385210**	**16677032**
Total as of December 31, 2015	**7278215**	**357300**	**7635515**

The concentration of financial assets exposed to credit risks:

Activity Segments

The following table represents the analysis of the most important bank's credit risk in book value, allocated according to the customers' activity.

December 31, 2016

EGP (000)

Statement	Arab Republic of Egypt							
	Financial Institutions	Industrial Institutions	Real estate activity	Wholesale & retail trade	Govern-mental sector	Other Activity	Individuals	Total
Treasury bills	-	-	-	-	2523178	-	-	2523178
Loans & advances								
Retail								
overdrafts	-	-	-	-	-	-	833929	833929
Personal loans	-	-	-	-	-	-	110216	110216
Corporate								
overdrafts	-	1517353	776273	2314400	-	1331365	-	5939391
Direct loans	-	51602	140200	150415	-	288804	-	631021
Syndicated loans	-	675399	283064	14752	-	687515	-	1660730
Other loans	-	-	-	-	-	-	-	-
Financial Investments								
Affiliated co.	-	9120	142635	-	-	30987	-	182742
Debt instruments	237	-	4138	-	5843633	31994	-	5880002
Other Assets	-	-	-	-	-	482331	-	482331
Total as of Dec. 31, 2016	**237**	**2253474**	**1346310**	**2479567**	**8366811**	**2852996**	**944145**	**18243540**
Total as of Dec. 31, 2015	**-**	**1053180**	**1177267**	**948328**	**3282287**	**2016483**	**240**	**8477785**

B) Market Risk

The bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest 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 Bank risk exposure department and monitored by two teams separately. Regular reports are submitted to the Board of Directors and heads of each business unit.

Trading portfolios include those positions arising from market-making transactions where the Bank acts as principal with customers 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.

The bank uses the method of relating debit interest rate with credit interest rate to avoid the risk of fluctuations in interest rate. The bank also depends on fluctuated interest rate which does not exceed 3 months except in specific cases interest rates are specified for longer period relating resources portfolio with application portfolio to get return that covers its costs.

In addition the bank should not exceed the following:

- The surplus amount of any foreign currency positions for 1 % from the capital base.
- The total surplus of foreign currency positions for 2 % from capital base.
- The total shortage amount in the position of any currency for 10 % from capital base.
- The total shortage of (local/foreign) currency positions for 20 % from capital base.

B/1 Summary on the Value at Risk of trading portfolios:

EGP (000)

Statement	December 31, 2016			December 31, 2015		
	Average	Higher	Lower	Average	Higher	Lower
Interest rate risk	21508	32695	6013	5066	9330	1418
Total value at risk	**21508**	**32695**	**6013**	**5066**	**9330**	**1418**

- The increase of VAR especially the interest rate risk, mainly relates to the increased volatility of market interest rates in global principal financial markets.
- The three previous values exposed to risk results are calculated independently from concerned centres and historical movements of market. The total amount exposed to risk for trading and for non-trading does not expresses the amount exposed to risk at the bank due to the relation between risks types and portfolio types and what follows for different impacts.

B/2 Foreign exchange 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 and Bank's financial instruments at carrying amounts, categorized by currency.

Foreign currency risk on the financial instruments:

December 31, 2016

EGP (000)

Statement	EGY Pound	US Dollar	Euro	Jap. Yen	Sterling Pound	Other Currencies
Financial Assets:						
Cash & Due From Central Bank	5321764	39215	365	-	15	55
Due from banks	263	40736	1337	505	6105	38
Treasury bills	956925	85900	2500	-	-	-
Loans & Advances to customers	3942715	197111	17038	100372	1382	-
Financial investments:						
Available for sale	264561	3011	-	-	-	-
Held to maturity	5662088	923	-	-	-	-
Other assets	579510	2743	2	-	8	-
Total financial assets as of December 31, 2016	**16727826**	**369639**	**21242**	**100877**	**7510**	**93**
Financial liabilities:						
Balances due to banks	1005002	-	10774	97569	-	-
Customers' deposits	13754217	338255	10737	4900	7475	21
Other Loans	101312	16226	-	-	-	-
Other provisions	45677	4033	-	-	-	-
Other liabilities	816738	17848	1236	1855	36	2
Total financial liabilities as of December 31, 2016	**15722946**	**376362**	**22747**	**104324**	**7511**	**23**
Net financial position of the balance sheet as of December 31 ,2016	1004880	(6723)	(1505)	(3447)	(1)	70
Total financial assets as of December 31, 2015	**10603801**	**374862**	**18831**	**79190**	**7961**	**1628**
Total financial liabilities as of December 31, 2015	**9669224**	**380200**	**18813**	**80930**	**8009**	**2157**
Net financial position of the balance sheet as of December 31, 2015	934577	(5338)	18	(1740)	(48)	(529)

B/3 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 Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may profit decrease in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate reprising that may be undertaken, which is monitored daily by Risk Dept. The following table summarizes the risk that the bank faces the change in the return value including the book value of financial instruments allocated based on the re-pricing dates or due dates price whichever is sooner.

December 31, 2016

EGP (000)

Statement	Up to 1 month	More than 1 month to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	More than 5 years	Without return	Total
Financial Assets:							
Cash and Due From Central Bank	-	-	-	365168	-	177722	542890
Due from banks	24042203	3932023	100000	-	-	-	6436226
Treasury Bills	55080	225795	2292903	-	-	-	2573778
Financial assets held for trading	-	-	-	-	-	-	-
Loans & Advances to customers	576855	676024	2052295	531140	1393635	3945338	9175287
Financial investments:							
Available for sale	273699	-	-	45862	-	-	319561
Held to maturity	-	-	-	5678951	-	-	5678951
Associated Company	-	-	-	-	182742	-	182742
Other financial assets	-	-	-	382571	99760	-	482331
Deferred tax	-	-	-	-	3514	-	3514
Total financial assets	**3309837**	**4833842**	**4445198**	**7003692**	**1679651**	**4123060**	**25395280**
Financial liabilities:							
Balances due to banks	1217427	38208	-	-	-	-	1255635
Customer's deposits	1163510	1349178	4246464	8939874	343468	4315065	20357559
Other loans	4057	18347	273997	60330	40974	-	397705
Other financial liabilities	-	-	-	391491	-	-	391491
Other provisions	-	-	-	119345	-	-	119345
Total financial liabilities	**2384994**	**1405733**	**4520461**	**9511040**	**384442**	**4315065**	**22521735**
Re-pricing gap	924843	3428109	(75263)	(2507348)	1295209	(192005)	2873545
December 31, 2015							
Total financial assets	**5725258**	**613947**	**1849826**	**2249584**	**1108379**	**2078869**	**13625863**
Total financial liabilities	**1776965**	**589096**	**1348400**	**4407659**	**802955**	**2763224**	**11688299**
Re-pricing gap	3948293	24851	501426	(2158075)	305424	(684355)	1937564

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

The Bank's liquidity management process, as carried out within the Bank and monitored by Risk 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 customer - 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.
- Risk Management Dept. also monitors unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft advances and the impact of contingent liabilities such as standby letters of credit and guarantees.

Funding approach

- Sources of liquidity are regularly reviewed by a separate team in the Risk Management (Assets & liabilities), to maintain a wide diversification by currency, provider, product and term.

The available assets to cover all the liabilities and the loan's obligations include cash, balances at Central bank, dues from banks, treasury bills, other governmental securities and loans and advances to customers and banks, customers' loans that are due within a year are extended partially for the ordinary activity of the bank. In addition, some of debt instruments, treasury bills and governmental securities are mortgaged to guarantee the liabilities, the bank has the ability to cover the net unexpected cash flows through the sale of financial securities and finding other funding resources.

D) Financial Assets and Liabilities Fair Value

According to the applied valuation bases used in evaluating banks' assets and liabilities included in the notes attached to the financial statements the fair value of the financial assets and liabilities do not significantly differ from its book value at the balance sheet date.

E) Capital Management

The Bank's objectives when managing capital, which consists of another items in addition of owner's equity stated in balance sheet are:

- To comply with the legal requirements in Egypt.
- To safeguard the Bank's ability to continue as ongoing concern so that it can continue to provide returns for shareholders and stakeholders and other parties that deal with the bank.
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the Central bank Of Egypt, for supervisory purposes. The required information is filed with the Authority on a quarterly basis.

Central bank Of Egypt requires the following:

- Hold the minimum level of the issued and paid up capital of EGP500 Million
- Maintain a ratio of total regulatory capital to the risk weighted asset or above the agreed minimum of 10%.
- According to Central bank of Egypt's requirements in updating the financial sector's situation of relevance with capital adequacy standard in accordance to Basel II requirements.

The nominator of capital adequacy standard consists of two tiers:

- **Tier One:**

Tier one, consisting of paid-in capital (after deducting the book value of treasury shares), and retained earnings and reserves resulting from the distribution of profits with the exception of banking risk reserve and deducting there from previously recognized goodwill and any transferred loss.

- **Tier Two:**

Qualifying subordinated loan capital, which consists of the equivalent of the risk allocation according to the principles of credit issued by the Central Bank of Egypt for not more than 1.25% of total assets and liabilities weighted with risk, loans / deposits support in excess of the schedule of five years (with consumption of 20% of their value in each year of the last five years of the schedule) and 45% of the increase between the fair value and book value for each of the financial investments available for sale and held to maturity in subsidiaries.

When calculating the total dominator of capital adequacy, it shall not exceed the capital cushions (Qualifying subordinated loan capital) for share capital and loans not to increase (deposits) support for half of the share capital. Assets are risk weighted ranging from zero to 100% classified by the relation of the debtor to all each asset to reflect the credit risk associated with it, taking the cash collateral account. These are used for the treatment of off balance sheet items after adjustments to reflect the nature of contingency and the potential loss of those amounts. The weighted asset risk weights ranging from zero to 100% classified by the nature of the debtor all out to reflect the credit risk associated with it, taking the cash collateral account. Are used for the treatment of amounts outside the budget after adjustments to reflect the nature of spin-off and the potential loss of those amounts.

The bank had complied with all the local capital requirements during the past two years.

The following table summarizes the Tier 1 and Tier 2 capital components and the capital adequacy ratio at the end of these two years.

EGP (000)

Capital	December 31, 2016	December 31, 2015
(Tier 1 capital) basic capital		
Paid-up capital	1000000	800000
Intangible assets	448	1066
Other reserves	90102	78592
Retained earnings	142208	21517
Total exclusion from basic capital	**(23489)**	**(10711)**
Total Tier 1 capital after exclusion	**1209269**	**890464**
(Tier 2 capital) backup capital		
General Risk Provision for advances & contingent liabilities	110686	44458
45% of the Foreign currencies translation reserve	113	251
45% of the increase in fair value over the book value for financial investments liabilities excluding trading portfolio	70972	16661
Total Tier 2 capital after exclusion	**181771**	**61370**
Total paid up capital	**1391040**	**951834**
Total risk-weighted assets and contingent liabilities	**10855722**	**6106492**
Capital Adequacy ratio (%)	**12.81%**	**15.59%**

According to the Central Bank of Egypt requirements, the improvement of banking organization situation related to capital adequacy of Basel II.

- Total capital adequacy ratio without capital conservation buffer/ total risk weighted assets & credit, market and operations risk (taking into consideration the effect of biggest fifty client). **12.189%**
- Total capital adequacy ratio with capital conservation buffer/ total risk weighted assets & credit, market and operations risk (taking into consideration the effect of biggest fifty client). **12.814%**
- Total capital adequacy ratio with capital conservation buffer/ total risk weighted assets & credit, market and operations risk (without taking into consideration the effect of biggest fifty client). **13.443%**

Financial leverage ratio

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

- Guidance ratio starting from reporting period September 2015 till December 2017.
- Obligatory ratio to start from year 2018.

This ratio will be included in Basel requirement tier 1 (minimum level of capital adequacy ratio) in order to maintain the Egyptian Banking System strong and safe, as long as to keep up with the best international regulatory treatments. Financial leverage ratio reflects relation between tier 1 for capital that is used in capital adequacy ratio (After Exclusions) and bank assets (on balance sheet and off-balance sheet) that are not risk weighted assets.

Ratio Elements

A- The numerator elements:

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

B- The denominator elements:

The denominator consists of all bank assets (on balance sheet and off-balance sheet) as per the financial statements “Bank exposure” which include the total of the following:

1- On balance sheet exposure items after deducting some of tier 1 exclusions for capital base

2- Exposures resulting from Derivatives contracts.

3- Exposures resulting from Financing the financial notes operations.

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

The following table summarizes the Financial leverage ratio in 31/12/2016:

EGP (000)

Capital	December 31, 2016	December 31, 2015
(Tier 1 capital) after exclusions (1)	1209269	889397
Cash and due from Central Bank of Egypt (CBE)	542890	4334707
Due from banks	6436226	476221
Treasury bills	2523178	741353
Financial assets held for trading	-	47247
Financial investments available-for-sale	319561	1552636
Financial investments held to maturity	5678951	1078699
Investments in subsidiaries and associates	182742	146848
Loans and credit facilities to customers	9175287	5006256
Provision for impairment loss (non performing)	(1173273)	(508116)
Interest in suspense	(290455)	(142677)
Profits from Islamic operations	(16174)	-
Fixed assets (Net of Accumulated depreciation & impairment loss Provisions)	74800	57333
Other assets	486591	285962
Deducted amounts from exposures (some of tier 1 exclusions for capital base)	(23041)	(10711)
Total on-balance sheet exposures	**23917283**	**13065758**
export L/Cs	37396	13606
Import L/Cs	27099	13499
L/Gs	698241	641015
L/Gs according to foreign banksrequest	24790	18453
Bank acceptance	66778	57385
Capital requirements	156884	123003
Contingent liabilities for general collaterals for financing facilities and similar collaterals	143888	85686
Off-balance sheet items	**1155076**	**952647**
Total exposures	**25072359**	**14018405**
Financial leverage ratio (%)	**4.82%**	**6.4%**

4 Critical 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 information.

A) Impairment losses on loans and advances

Based on personal basis The Bank reviews its loan portfolios to assess impairment at least on a quarterly basis in determining whether an impairment loss should be recorded in the income statement, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified 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 or local economic conditions that correlate with defaults on assets in the Bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The 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 investments:

The Bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of 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) Fair value of derivatives:

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them.

D) Financial Investments Held to Maturity:

The non-derivative financial assets with fixed or determinable payments and fixed maturity are being classified held to maturity. This classification requires significant judgment. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than for the specific circumstances – for example, selling 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 and the classification of any such investments will be suspended.

E) Income taxes:

The bank is subject to income taxes in relation with the operation of its branches abroad. This requires the use of significant estimations in order to determine the total provision for income tax. There are several operations and accounts for which the final tax cannot be determined with certainty. The bank created provisions for the expected results of the tax inspection that is being conducted and to account for probable additional tax. When there is a difference between the final results of the tax and the pre recorded amounts, these differences will be adjusted against the income tax and the deferred income tax provision at the period in which the difference has been determined.

5 Segment Analysis:

EGP (000)

December 31, 2016	Analysis of geographical Segments		
	Cairo	Alex. & the Delta	Total
Income and expenditure in accordance with the geographical Segment			
Revenues	1952287	194011	2146298
Expenses	(1680627)	(160448)	(1841075)
Sector profit results	271660	33563	305223
Net income for the year before taxes	271660	33563	305223
Taxes	-	-	(183061)
Net income for the year	**-**	**-**	**122162**
Assets and liabilities according to the geographical Segment			
Assets of geographic Segment	21865318	1909341	23774659
Unclassified Assets	79059	-	79059
Total Assets	**21944377**	**1909341**	**23853718**
Liabilities' of geographic Segment	20493049	1909341	22402390
Unclassified Liabilities	119345	-	119345
Total Liabilities	**20612394**	**1909341**	**22521735**

Segment Analysis:

EGP (000)

December 31, 2015	Analysis of geographical Segments		
	Cairo	Alex. & the Delta	Total
Income and expenditure in accordance with the geographical Segment			
Revenues	1154462	70283	1224745
Expenses	(978240)	(76963)	(1055203)
Sector profit results	176222	(6680)	169542
Net income for the year before taxes	176222	(6680)	169542
Taxes	-	-	(93502)
Net income for the year	**-**	**-**	**76040**
Assets and liabilities according to the geographical Segment			
Assets of geographic Segment	11846118	918978	12765096
Unclassified Assets	58269	-	58269
Total Assets	**11904387**	**918978**	**12823365**
Liabilities' of geographic Segment	10835463	918977	11754440
Unclassified Liabilities	59185	-	59185
Total Liabilities	**10894648**	**918977**	**11813625**

6 Net interest income:

EGP (000)

	December 31, 2016	December 31, 2015
Interest from loans & similar income		
Loans & advances to customers	537270	412975
Treasury bills	182240	142716
Deposits and current accounts	217959	67118
Investments in debt instruments held to maturity and available for sale	784720	357515
	1722189	**980324**
Interest on deposits & similar expenses: Deposits and current accounts		
Banks	(36094)	(25614)
Customers	(1072660)	(578657)
	(1108754)	(604271)
Net	**613435**	**376053**

7 Fees and commissions income:

EGP (000)

	December 31, 2016	December 31, 2015
Fees and commissions related to credit	178478	130877
Other Fees	132336	22219
Total	**310814**	**153096**

8 Dividends income:

EGP (000)

	December 31, 2016	December 31, 2015
Financial securities Available for sale	4196	3754
Total	**4196**	**3754**

9 Net trading income:

EGP (000)

	December 31, 2016	December 31, 2015
Fund investment documents revaluation differences	40	3460
Profits from dealing in foreign currencies	23548	34326
Profits of the sale documents of investment funds	8	78
Total	**23596**	**37864**

10 Administrative Expenses:

EGP (000)

	December 31, 2016	December 31, 2015
Staff cost		
Wages and salaries	291577	213839
Social insurances	7619	6428
Specific contributions systems	23648	21428
	322844	**241695**
Other Administrative Expenses	98866	74276
Total	**421710**	**315971**

11 Other operating (expenses) income:

EGP (000)

	December 31, 2016	December 31, 2015
(losses) Gains from revaluation of monetary assets & liabilities determined in foreign currency other than those classified for trading	(111045)	(7503)
Other expenses	(86)	(40)
loss of selling assets reverted to the bank	343	-
Gain from sale of fixed assets	655	-
Other Provision	(36546)	(23396)
Impairment of assets reverted to the bank	(9794)	-
Total	**(156473)**	**(30939)**

12 Impairment of loan loss:

EGP (000)

	December 31, 2016	December 31, 2015
Loans & advances to customers (Note 19)	(154138)	(104022)
Total	**(154138)**	**(104022)**

13 Income tax expenses:

EGP (000)

	December 31, 2016	December 31, 2015
Deferred taxes	(1643)	(1963)
Current income taxes	184704	95465
Total	**183061**	**93502**

14 Earnings per share:

The earnings per share is calculated by dividing the profit for the year by the number of shares outstanding.

EGP (000)

	December 31, 2016	December 31, 2015
Net profit for the year	122162	76040
Deduct :		
profit share of employees (proposed)	(12000)	(10000)
profit share of Board members (proposed)	(3000)	(2500)
Net	107162	63540
Weighted average number of shares	81667	61660
Earning per share	**1.31**	**1.03**

15 Cash and balances with Central Bank of Egypt:

EGP (000)

	December 31, 2016	December 31, 2015
Cash	177723	77181
Due from central Bank within the required reserve percentage	365167	649456
Total	**542890**	**726637**
Non- interest Bearing balances	542890	726637

16 Due from banks:

EGP (000)

	December 31, 2016	December 31, 2015
Current accounts	289060	159177
Deposits	6147166	3933695
	6436226	**4092872**
Central Bank	5509640	3616382
Local Banks	594945	251798
Foreign Banks	331641	224692
	6436226	**4092872**
Non-interest Bearing balances	289060	159176
Fixed interest Bearing balances	6147166	3933696
	6436226	**4092872**
Current balances	289060	3755653
Non-current balances	6147166	337219
	6436226	**4092872**

17 Treasury bills:

EGP (000)

	December 31, 2016	December 31, 2015
Treasury bills, maturity 91 days	280875	338168
Treasury bills, maturity 182 days	340875	363725
Treasury bills, maturity 272 days	1287429	8414
Treasury bills, maturity 364 days	664599	66034
	2573778	**776341**
Unearned interest	(50600)	(19648)
Total	**2523178**	**756693**

18 Financial assets held for trading:

EGP (000)

	December 31, 2016	December 31, 2015
Debt instruments		
Governmental bonds	-	46823
Total Financial assets held for trading	**-**	**46823**

19 Loans & advances to customers:

EGP (000)

	December 31, 2016	December 31, 2015
Retail		
Overdrafts	833929	150847
Personal loans	110216	88771
Total	**944145**	**239618**
Institutions including small loans for economic activities		
Overdrafts	5939391	3174866
Direct loans	631021	400587
Syndicated loans	1660730	1190938
Other loans	-	240
Total	**8231142**	**4766631**
Total Loans & advances to customers	**9175287**	**5006249**
Less: Loan impairment loss provision	(1259879)	(693234)
Interest in suspense	(290455)	(138226)
Deferred revenues of Islamic operations	(16174)	(10810)
Total	**7608779**	**4163979**
Total is allocated to		
Current Balances	6883536	3414724
Non-Current Balances	2291751	1591525
Total	**9175287**	**5006249**

Impairment loss provision

EGP (000)

	December 31, 2016	December 31, 2015
Balance at the beginning of the year	693234	600452
Impairment loss during the year	154138	104022
Amounts written off during the year	(5820)	(32695)
Foreign currency valuation difference	418207	20924
Collection from bad debt previously written off	120	531
Provision at year end	**1259879**	**693234**

20 Financial Investments:

EGP (000)

	December 31, 2016	December 31, 2015
Financial Investments available for sale (Debt instruments at fair value)		
Debt instrument listed	216051	1455879
Debt instrument unlisted	-	6016
Financial Investments available for sale (Equity instruments at fair value)		
Equity instrument listed	57648	41429
Equity instrument unlisted	45862	49597
Total Financial Investments available for sale	**319561**	**1552921**
Financial Investments Held to maturity (Debt Instruments - amortization cost method)		
Debt instrument listed	5627582	1053452
Debt instrument unlisted	36369	10247
Mutual fund's instruments established according to the issued rates	15000	15000
Total Financial Investments Held to maturity	**5678951**	**1078699**
Total Financial Investments	**5998512**	**2631620**
Current Balances	172038	479406
Non-Current Balances	5826474	2152214
Total Balances	**5998512**	**2631620**
Debt Instruments - fixed interest bearing	5843633	2509331
Debt Instruments - variable interest bearing	36369	16263
Total Debt Instruments	**5880002**	**2525594**

Financial Investments

EGP (000)

	Financial Investments available for sale	Financial Investments Held to maturity	Total
Balance as of Jan 1, 2016	1552921	1078699	2631620
Additions	6108477	4751750	10860227
Disposals (Sales / Redemption)	(7381211)	(153079)	(7534290)
Revaluation differences of Monetary assets in foreign currency	46359	-	46359
Profit from the change of fair value	(33459)	-	(33459)
Amortization of (premium) / discount	27387	1581	28968
Impairment loss	(913)	-	(913)
Balance as of December 31, 2016	**319561**	**5678951**	**5998512**
Balance as of Jan 1, 2015	920233	1467443	2387676
Additions	1267725	-	1267725
Discount (premium)	22335	15971	38306
Amortization of (issuance premium) or discount	22335	15971	38306
Disposals (Sales / Redemption)	(666697)	(405690)	(1072387)
Revaluation differences of Monetary assets in foreign currency	3082	975	4057
Profit from the change of fair value	6359	-	6359
Impairment loss	(116)	-	(116)
Balance as of December 31, 2015	**1552921**	**1078699**	**2631620**

Financial investments revenues

EGP (000)

	December 31, 2016	December 31, 2015
Gains on sale of available for sale investments	48535	23506
Undistributed dividends from investments in associates	38786	26317
Impairment loss of investments in associates	(905)	-
Impairment loss of equity instruments available for sale	(913)	(116)
Total	**85503**	**49707**

21 Investments in associates:

The percentage contribution of the Bank in associates companies:

EGP (000)

	Company's headquarters	Company's asset	Liabilities (less owners (equity'	Net profit (loss) activity	Profit/ (losses) Company	Percentage of contribution	Value of contribution
December 31, 2016							
Pipes Industries & Plastic Products Co.	Cairo	58268	69611	(37234)	1780	39.95%	9120
Designing & Manufacturing Investment Equipment	Cairo	1940	1655	(1224)	(751)	35.00%	-
Zahraa El Maadi Co.*	Cairo	1627322	920400	177835	233179	20.30%	143724
Free trade Company for manufacturing and trade	Port said	2498	9395	(885)	(872)	31.90%	-
Middle East company for land reclamation	Cairo	47974	192215	(24763)	-	24.47%	-
Festia Co. for Ready Made Clothes	Alex	47702	26750	222	20	20.00%	-
Praim services managements	Cairo	2307	68	102	(341)	20.00%	447
Enmaa Company for leasing	Cairo	294411	200723	6663	8209	31.40%	29451
Total							**182742**
December 31, 2015							
Pipes Industries & Plastic Products Co.	Cairo	51244	24062	(7015)	1042	39.95%	10859
Designing & Manufacturing Investment Equipment	Cairo	4631	3112	(1539)	(958)	35.00%	428
Zahraa El Maadi Co.	Cairo	1628273	1026311	161581	209964	20.30%	122403
Free trade Company for manufacturing and trade	Port said	2498	9395	(885)	(872)	31.90%	-
Middle East company for land reclamation	Cairo	47974	192215	(24763)	-	24.47%	-
Festia Co. for Ready Made Clothes	Alex	47702	26750	222	(20)	20.00%	-
Praim services managements	Cairo	2362	65	66	(403)	20.00%	459
Enmaa Company for leasing	Cairo	70081	299	(218)	791	31.40%	21923
Total							**156072**

* The market value of financial investment in associates registered in the security exchange market amounted L.E 246,041 thousands Egyptian pounds at 31/12/2016 against 167,756 thousands Egyptian pounds at 31/12/2015.

22 Intangible assets:

EGP (000)

	December 31, 2016	December 31, 2015
Cost	5007	4431
Additions	405	576
Total	**5412**	**5007**
Accumulated amortization as of 1/1/2016	(3856)	(2209)
Amortization	(810)	(1647)
Accumulated amortization as of 31/12/2016	(4666)	(3856)
Net book value as of December 31, 2016	**746**	**1151**

23 Other assets:

EGP (000)

	December 31, 2016	December 31, 2015
Accrued revenues	231600	98803
Paid accrued revenues	70436	2387
Prepaid expenses	3853	1251
Assets owned by the bank for debts (after deducting impairment)	6407	16118
Insurance and consignments	1598	974
Advances to purchase of fixed assets	159746	50585
Other	8691	19131
Total	**482331**	**189249**

24 Fixed assets:

EGP (000)

	Land & building	Lease hold Improvement	Machines & equipment	Others	Total
As of January 1, 2015					
Cost	52315	22529	9552	35107	119503
Accumulated Depreciation	(20907)	(12778)	(6052)	(20865)	(60602)
Net book value as of January 1, 2015	**31408**	**9751**	**3500**	**14242**	**58901**
Additions	-	6054	1134	4972	12160
Disposals cost of Assets	-	-	-	-	-
Disposals cost of Depreciation	-	-	-	-	-
Cost of Depreciation	(1966)	(7355)	(685)	(4657)	(14663)
Net book value as of December 31, 2015	**29442**	**8450**	**3949**	**14557**	**56398**
Cost	52315	28583	10686	40079	131663
Accumulated Depreciation	(22873)	(20133)	(6737)	(25522)	(75265)
Net book value as of January 1, 2016	**29442**	**8450**	**3949**	**14557**	**56398**
Additions	24800	4024	2517	2186	33527
Disposals cost of Depreciation	-	(21)	(604)	(2747)	(3372)
Disposals cost from acc Depreciation	-	-	602	2743	3345
Cost of Depreciation	(2192)	(5941)	(875)	(6090)	(15098)
Net book value as of December 31, 2016	**52050**	**6512**	**5589**	**10649**	**74800**
As of December 31, 2016					
Cost	77115	32586	12599	39518	161818
Accumulated Depreciation	(25065)	(26074)	(7010)	(28869)	(87018)
Net book value as of December 31, 2016	**52050**	**6512**	**5589**	**10649**	**74800**

Fixed asset include amount of 32,209 thousand pounds representing assets not registered yet in the bank The legal procedures needed are currently performed to register those real-estates by the bank's name.

25 Deferred tax assets:

EGP (000)

	December 31, 2016	December 31, 2015
Beginning balance	1871	(92)
Additions	1643	1963
Ending balance	**3514**	**1871**

Deferred tax assets not recognized for the following items:

EGP (000)

	December 31, 2016	December 31, 2015
Provision for impairment losses excluding the 80% from charged within the year:	19401	13235
Ending balance	**19401**	**13235**

26 Due to banks:

EGP (000)

	December 31, 2016	December 31, 2015
Current accounts	45267	28523
Deposits	1210368	356847
Total	**1255635**	**385370**
local banks	1037356	381234
Foreign banks	218279	4136
Total	**1255635**	**385370**
Non-interest bearing balances	45267	28523
Fixed interest bearing balances	1210368	356847
Total	**1255635**	**385370**
Current balances	**1255635**	**385370**

27 Customers' deposits:

EGP (000)

	December 31, 2016	December 31, 2015
Demand deposit	2569344	1142266
Time & call deposits	6224471	2817285
Savings and deposits certificates	8599764	5042645
Saving deposits	212673	199463
Other deposits	2751307	1806445
Total	**20357559**	**11008104**
Institutions deposits	10249404	5112552
Individual deposits	10108155	5895552
Total	**20357559**	**11008104**
Non-interest bearing balances	4315065	2460824
Variable interest bearing balances	7498963	3552546
Fixed interest bearing balances	8543531	4994734
Total	**20357559**	**11008104**
Current balances	11757813	5965459
Non-current balances	8599746	5042645
Total	**20357559**	**11008104**

28 Other Loans:

EGP (000)

	Interest Rate %	December 31, 2016	December 31, 2015
Social fund for development	7	60330	32924
Housing low/middle–income loan	2.5-4.5-7	37390	15341
Banca UBAE	3.13	295891	77301
Arab trading finance programme	2.2	4094	-
Total		**397705**	**125566**

29 Other liabilities:

EGP (000)

	December 31, 2016	December 31, 2015
Accrual interests	255711	137696
Unearned revenue	6753	4129
Accrual expenses	85773	51358
Creditors	13295	10929
Other credit balance	29959	31288
Total	**391491**	**235400**

30 Other Provisions:

EGP (000)

	Beg Balance	Charged amounts	FX revaluation differences	Utilized amounts	Ending Balance
December 31, 2016					
Provision for claims	14051	12150	-	(19598)	6603
Provisions for contingent	45134	24396	43212	-	112742
Ending balance	**59185**	**36546**	**43212**	**(19598)**	**119345**

EGP (000)

	Beg Balance	Charged amounts	FX revaluation differences	Utilized amounts	Ending Balance
December 31, 2015					
Provision for claims	3896	12611	-	(2456)	14051
Provisions for contingent	33919	10797	418	-	45134
Ending balance	**37815**	**23408**	**418**	**(2456)**	**59185**

31 Paid up capital:

	No. of shares (in millions)	Common shares EGP (000)	Total EGP (000)
	100	1000000	1000000
Balance at 31/12/2016	**100**	**1000000**	**1000000**

- According to the extraordinary general assembly decision on 7/7/2014, the issued and paid in capital increased from 500 million L.E. divided on 50 million shares with10 L.E face value for each share to 1 billion L.E. divided on 100 million shares with face value 10 L.E., at 2014, payment of 100 million L.E from the bank reserves in the form of distributing one share for every outstanding share by capitalizing on the general reserve.
- According to the extraordinary general assembly decision on 07/07/2015, An amount of LE 200 million of the second tranche of the bank capital increase was called up for payment.
- Moreover the remaining amount of the capital increase amounting to LE 200 million to be paid up during 2016 according to the decision of the extraordinary general meeting above mentioned.
- At 30/11/2016 the shareholders has paid the remaining amount of the capital increase amounting of LE 200 million.

32 Reserves:

EGP (000)

	December 31, 2016	December 31, 2015
Banking risks reserve	15762	15041
Legal reserve	25636	21833
Reserves for AFS investments revaluation difference	56957	19376
Special reserve	251	251
Capital reserve	25586	24931
General reserve	38880	31828
Total reserves	**163072**	**113260**

Reserves are presented as follows:

EGP (000)

A) Banking risks reserve	December 31, 2016	December 31, 2015
Beginning balance	15041	13962
Transferred from retained earning	721	1079
Ending balance	**15762**	**15041**

EGP (000)

B) Legal reserve	December 31, 2016	December 31, 2015
Beginning balance	21833	19701
Transferred from retained earning	3803	2132
Ending balance	**25636**	**21833**

EGP (000)

C) Unrealized gain of AFS evaluation	December 31, 2016	December 31, 2015
Beginning balance	19376	17962
Net profit of fair value change	9023	9443
Reserve for transfer of AFS to HTM	15444	-
Net profit transferred to income statement after disposals	13414	(8029)
Ending balance	**56957**	**19376**

EGP (000)

D) Special reserve	December 31, 2016	December 31, 2015
Beginning balance	251	251
Ending balance	**251**	**251**

EGP (000)

E) Capital reserve	December 31, 2016	December 31, 2015
Beginning balance	24931	24931
Transferred from retained earnings	655	-
Ending balance	**25586**	**24931**

EGP (000)

G) General reserve	December 31, 2016	December 31, 2015
Beginning balance	31828	10311
Transferred from retained earnings	7052	21517
Ending balance	**38880**	**31828**

33 Retained earnings:

EGP (000)

	December 31, 2016	December 31, 2015
Beginning balance	96480	54768
Transferred to legal reserve	(3803)	(2132)
Transferred to general reserve	(7052)	(21517)
Shareholders share in profit	(25000)	-
The share of employees & members of the Board of Directors in profit	(12500)	(9600)
Net profit for the year	122162	76040
Transferred to Banking risks reserve	(721)	(1079)
Transferred to capital reserve	(655)	-
Ending balance	**168911**	**96480**

34 Cash and cash equivalents:

For presenting cash flow statement, cash and cash equivalents include the following balances that they do not mature within 3 months from the acquisition date:

EGP (000)

	December 31, 2016	December 31, 2015
Due from central bank	177723	77181
Due from banks	3886227	3226147
Treasury bills, maturity 91 days	280875	338168
Total	**4344825**	**3641496**

35 Contingent liabilities and commitments:

A) Capital commitments (Financial investments)

The commitments related to the financial investments that were not due till the balance sheet date 31/12/2016 according to the following:

	Share value USD (000)	Amount USD (000)	Remaining USD (000)
AFREXIM Bank	$300	$120	$180

B) Loans, collaterals, advances and commitments:

Loans, collaterals, advances and commitments are represented in the following:

EGP (000)

	December 31, 2016	December 31, 2015
Letters of guarantees	1446061	1282029
Letters of credit (import & export)	322475	135523
Accepted notes of suppliers advances	66778	57385
Total	**1835314**	**1474937**

36 Transactions with related parties:

The transactions and balances of related parties at the end of the fiscal year are represented in the following:

A) Loans & advances to related parties

EGP (000)

	Associated companies		Interest income	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Loans and advances to customer				
Loans at the year end	380226	22737	3165	1167

*The loans granted to associates conditions are the same as the outstanding loans in the bank.

B) deposits from related parties

EGP (000)

	Deposits		Cost of deposits	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Due to shareholders (National Investment Bank)				
Deposits at the year end	527676	149083	14442	3992
Due to customers				
Deposits at the year end	50152	5998	8177	208
Total	**577828**	**155081**	**22619**	**4190**

*The deposits granted to associate condition are the same as the outstanding in the bank.

C) The average net monthly salary paid to the top 20 employees in the bank for the financial year ended December 31, 2016 amounted to 1,159,639 EGP against 1,561,401 EGP for the financial ended December 31, 2015.

37 Mutual Funds:

Fund is one of the bank activities licensed to the bank by the virtue of capital market law no. 95 of year 1992 and its executive regulation.

1- The monetary investment fund of Arab Investment Bank (with the daily accumulated return in Egyptian Pound):

- The fund is managed by EFG Hermes for Investments' Funds Management.
- The number of investment documents of this fund is 11,959,161 amounted L.E 119,591,610 from which 500,000 documents were allocated to carry out the fund's activities (face value LE 5 million).
- The document's recoverable value at 31/12/2016 reached LE 10,996 while the number of fund's documents standing at the same date was 14,902,934 documents.
- According to the fund's management contract and shares subscription issue the Arab Investment Bank get the fees & commissions for its supervision as well as the other administrative services. The total commission amounted LE 896 thousand for the financial year ended 31/12/2016 listed at the fees and commissions in the revenue item / other fees in the income statements.

2- AIBK Second Fund (HELAL):

- The fund is managed by Cairo for Investments' Funds Management.
- The number of investment documents of this fund is 26,954 amounted L.E 26,954,900 from which 50,000 documents were allocated to carry out the fund's activities (face value LE 5 million).
- The document's recoverable value at 31/12/2016 reached LE 151,578 while the number of fund's documents standing at the same date was 56,757 documents.
- According to the fund's management contract and shares subscription issue the Arab Investment Bank get the fees and commissions for its supervision as well as the other administrative services. The total commission amounted LE 31 thousand for the financial year ended 31/12/2016 listed at the fees & commissions in the revenue item / other fees in the income statements.

3- AIBK Third Fund for fixed returns instruments (SANADY):

- The fund is managed by HC Securities and Investment.
- The number of investment documents of this fund is 5,206,672 amounted L.E 52,066,720 from which 500 thousand documents were allocated to carry out the fund's activities (face value LE 5 million).
- The document's recoverable value at 31/12/2016 reached LE 10,533 while the number of fund's documents standing at the same date was 548,795 documents.
- According to the fund's management contract and shares subscription issue the Arab Investment Bank get the fees and commissions for its supervision as well as the other administrative services. The total commission amounted LE 23 thousand for the financial year ended 31/12/2016 listed at the fees & commissions in the revenue item / other fees in the income statements.

38 Tax position:

- **Corporate Tax:**

The period at the beginning of business activity 2000 Tax inspections have been fully completed and all due taxes have been paid and the internal committee was set and no due taxes were reported.

The period from 2001-2015 tax authorities didn't inspect those periods till now accordingly the bank bay monthly tax and provide tax settlements in the stated dated in accordance to law number 91 for year 2005.

- **Stamp duty tax:**

First: In light of law no. 111 for the year 1980 (Before amendments)
At the start from 1 August, In light of law no. 143 for the year 2006 that has been modified by law number 115 for the year 2008 accordingly the bank pay the tax each quarter consistently.

According to the deal between tax authority Egypt banks union about the basis for Banks's accountancy regarding the stamp tax for the period from 01/08/2006 till 01/04/2013 according to law number 111 for year 1980 and it's modifications and included suitable basis for Banks's accountancy and delay payment calculation , the bank agreed on the deal and then pay 6 million EGP in accordance to check number 73369 at 11/01/2016 under the payment of stamp differences and for delay that matured for the period from 08/2006 till 31/12/2013.

Periods from 2014 till 2015 hasn't been inspected by tax authorities.

- **Income tax:**

periods from 1980 till 2010 has been inspected and finalized and all taxes due were paid.

periods from 2011 till 2015, the tax inspection is in process, accordingly the bank pays tax for the years according to annual tax declaration that submitted on the stated dates.

- **Real estate Tax:**

By the issuance of law number 196 for the year 2008 & it's last modifications for the law number 103 for the year 2012 which enforce the maturity of tax from July 2013 that the estimated Real estate Tax on the bank's branches by 429,411 EGP.

The bank objected on all of those estimations. And paid 25% from all of those claims form the tax authorities till the settlements on the objections proposed by the bank.

Branches Addresses

Head Office
Cairo Sky Building - 8 Abdel Khalek Tharwat St. - Cairo.
Phone: 25760031 - 25770376

Commercial branches

Cairo Branch
Cairo Sky Building - 8 Abdel Khalek Tharwat St. - Cairo.
Phone: 25759249 - 25765020

Mosadak Branch
59 Mosadak St. - Dokki.
Phone: 33381547 - 33381546

Zamalek Club Branch
No.26 - 26 July St. - beside Zamalek Club Gate - El Mohandseen.
Phone: 33467646 - 33467645

Lebanon square Branch
56 Lebanon St. - El Mohandseen
Phone: 33020156 - 33020162

Giza Branch
Sky Center Building - 28 Mourad St. - Giza.
Phone: 35734234 - 35736420

Faisal Branch
48 King Faisal St. - Giza.
Phone: 33832354 - 33837751

Mall of Arabia Branch
Unit No. 142 / 143 Ground Floor - Gate 17 H - Mall of Arabia - 6th of October.
Phone: 38260202 - 38260203

Shobra Branch
AghaKhan Towers - Cornich ElNile - Shobra.
Phone: 22034464 - 24301673

Maadi Branch - Degla
206 St., Salah Salem - Degla El Maadi - Cairo.
Phone: 25201170 - 25201174

Nasr City Branch
Nasr Center Building - Abass El Akaad St. - Nasr City - Cairo.
Phone: 22749680 - 22722967

Heliopolis Branch
29 Asmaa Fahmy St. - Heliopolis.
Phone: 24141053 - 24159385

Nehru Branch
40 Nehru St. - Behind Merryland - Heliopolis.
Phone: 24527827 - 24527122

Al Tagamoa Al Khamis Branch
Plot No. 44 Concord Mall - 90th St. - New Cairo.
Phone: 29296173 - 29296158

Obour Branch
Unit No. 17/18 Commercial Mall – Golf City Mall.
Phone : 46105290 - 46105291

Tenth of Ramadan Branch
Plot No. 1/4/D the second phase - Tenth of Ramadan city.
Phone: 015371332 - 015371355

Alexandria Branch
68 El Horeya Road - Alexandria.
Phone: (03) 4807451 - 4807452

Port Said Branch
23rd of July & Qaitbay St., Joly Ville Building - Port Said. Phone: (066) 3227524 - 3227525

Al Menia Branch
236 Cornish El Nile St.
Phone: (086) 2317658 - 2317657

Islamic Branches

Zamalek Islamic Branch
8 El Mansour Mohamed St. - Zamalek - Cairo.
Phone : 27373105 - 27352012

Alexandria Sporting Islamic Branch
303 El Horeya Road Sporting- Alexandria.
Phone : (03) 4243467 - 4243462

Opening soon

City Stars Branch
Unit no. 110 - City Stars Mall - Nasr City.

Galleria Branch
Unit no. A53 - Galleria 40 Mall - Shekiah Zaid.

Zamalek Branch
44 Mohamed Mazhr St. - Zamalek.

Suez Branch
45/45A elshohadaa - City Mall - Suez City.

El Khalefa El Mamoun Branch
27 El Khalefa El Mamoun St. - Heliopolis.

Smouha Branch
107 Albert Al Awal St. - Ali Ibn Abi Taleb square Smouha - Alexandria.

Ismailia Branch
Green Plaza Mall - Ismailia Channel St. - Ismailia

بنك الاستثمار العربى
Arab Investment Bank
AiBK

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